FINANCIAL TIMES

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No. 29,518 — Tuesday January 8 1985 — D 8523 B

Politics enter a new era in Singapore, Page 3

NEWS SUMMARY

GENERAL

Belgian reshuffle ahead of election

Belgian Prime Minister Wilfried Martens has helped to prepare his coalition for a general election at the end of the year with a Cabinet *reshuffle.*

The most significant change is the appointment of a senior Flemish Liberal politician and former minister, Mr Frans Grootjans, as the *Minister of Finance* with the rank of Deputy Prime Minister. He replaces Willy de Clercq, who becomes a European Commissioner. Page 2

Pacific move rejected

The future of New Caledonia, France's distant territory in the South Pacific, was again thrown into uncertainty after the rejection by the loyalist movement on the islands of government-sponsored plans for a phased move towards a new status of "independence in association" with France. Page 3

Cyprus reshuffle

President Kyprianou of Cyprus reshuffled his Government 10 days before crucial talks with the Turkish Cypriot side on a political settlement for this island. Page 2

Gulf attack

Iraq said it attacked two ships in the Gulf close to Iran's oil terminal at Kharg Island.

Salvador 'plot'

Salvadoran President José Napoleon Duarte said the murder of his chief government corruption investigator was part of a plot by the ultra-right-wing Nationalist Republic Alliance.

Israeli pledge

Israeli leaders pledged to bring all the black Jews in famine-stricken Ethiopia to Israel. Page 3

Zaccaro guilty plea

Mr John Zaccaro, the husband of Ms Geraldine Ferraro, the unsuccessful Democratic U.S. vice-presidential candidate, admitted charges of scheming to defraud in connection with a $15.5m loan *for* a New York property deal. Page 4

Libyan call

A Libyan newspaper has said all Libyan students held in British jails must be set free in return for the release of four Britons held in Libya.

Chile protest

Thousands of people holding red carnations and Communist flags turned the Santiago funeral of the widow of Chile's most famous poet, Pablo Neruda, into a demonstration against the military Government.

Cold Europe

Snowfalls and one of the most severe cold spells of the century paralysed much of Europe. *At least* 20 people were reported to have frozen to death or been killed in accidents.

French TV strike

France was deprived of its first taste of weekday breakfast television by an industrial dispute. Page 2

Surgery for princess

Princess Margaret, sister of Britain's Queen Elizabeth, was recovering in a London hospital after an operation to remove a piece of her lung, found to be "non-malignant."

Paris newspaper

A new French newspaper, Paris Ce Soir, appeared on sale with François Jobert, former minister in governments of the left and the right as its main writer.

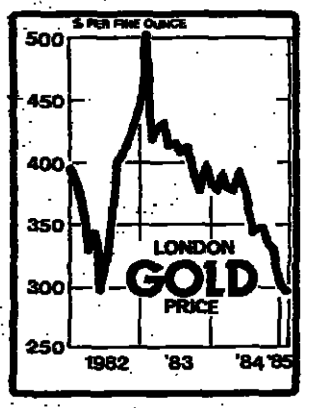
BUSINESS

Oxy and Diamond cancel merger

OCCIDENTAL Petroleum and Diamond Shamrock, two large U.S. energy groups, reversed their plans to merge the companies in another big *shake up of the U.S. oil industry* only hours after "reaching agreement." The initial terms involved a straight one-for-one share swap in the new company. Lex, Page 12

WALL STREET: The Dow Jones industrial average closed up 5.63 at 1,190.59. Section III

LONDON equities hit a record high but gilts suffered losses of up to ½. The FT Ordinary index rose 14.7 to 955.7. Section III



GOLD traded at its lowest level since August 1979 on the London bullion market, undermined by the dollar's continued strength. It fell to $295.25 at one stage before closing at $296.5, $5 down on Friday and the lowest close since June 1982. It was also lower in Zurich at $297.85. In New York the Comex February settlement was $303.70.

DOLLAR was firm in London, rising to DM 3.176 (DM 3.168), FFr 9.7175 (FFr 9.6925), SwFr 2.646 (SwFr 2.632) and Y255.85 (Y253.1). On Bank of England figures, the dollar's index rose to a record 146.3 from 145.6. In New York it was DM 3.1392, *FFr 9.6125*, SwFr 2.62125, Y254.15. Page 35.

STERLING was weaker in London falling 1.25 cents against the dollar to an all-time low of $1.142. It was also lower at DM 3.625 (DM 3.655), FFr 11.095 (FFr 11.17) and SwFr 3.0225 (SwFr 3.03), but was unchanged at Y292.0. It's exchange rate index fell 0.3 to 72.6. In New York it closed at $1.153. Page 35.

TOKYO *stocks climbed close to* their all time high although the yen's decline and uncertainty about Wall Street kept trading low. The Nikkei-Dow market average added 30.36 to 11,575.52. *Section III*

CANADIAN authorities have asked *some of the country's trust and loan* companies to raise new capital to cover higher loan loss provisions after a sharp drop in property values. Page 13

WILLIAM LEECH, British housebuilder, asked London Stock Exchange to suspend trading in its shares, raising speculation that a bid might be in the offing after last year's successful defence against C. H. Beazer. London Stock Exchange report, Page 29

SOUTH AFRICAN Reserve Bank raised its rediscount rate by a point to a maximum of 22.75 per cent after strong upward pressure in the *money market.* Page 3

PHB WESERHÜTTE, West German materials handling group, has won French approval for its takeover of Som-Delattre Sarl, a Valenciennes-based group. Page 13

BELZBERG brothers, controllers of a Canadian financial empire, have won the approval of the directors of Scovill, a U.S. manufacturer, for a $520m takeover offer. Page 13

U.S. GOVERNMENT team opened three days of discussions in Moscow in the first high-level trade talks between the U.S. and Soviet Union since 1978. Page 4

Upturn in oil prices takes heat off UK and Norway

BY IAN HARGREAVES AND DOMINIC LAWSON IN LONDON

COLD WEATHER across most of Europe yesterday gave the oil market its first boost since October, *raising spot prices of the main* crudes between 10 cents and 15 cents a barrel.

The rise in prices is likely to be seen by the British and Norwegian *Governments* as a further reason for delaying any decision on the future of their oil pricing systems.

British ministers are expected to discuss the matter this week, but the indications last night were that no early decision would be made. One possibility is that the UK will wait until the *next full ministerial* meeting of the Organisation of Petroleum Exporting Countries (Opec), which should take place at the end of this month, before announcing a decision.

In the first full day of oil trading after the holidays traders said there was a moderate level of activity. Estimates of the prices at which deals took place varied considerably, but Brent Blend, the main UK crude, changed hands at $26.25–$26.50 a barrel – a rise of about 15 cents from Friday's levels. Brent for February *delivery was traded at $26.10* a barrel – a gain of about 50 cents.

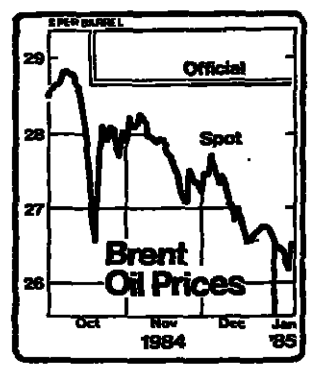
Although the effect of the cold snap on oil prices brought some comfort to the British National Oil Corporation, whose fourth quarter 1984 official price of $28.65 is still way out of line with the spot market, *traders seemed unimpressed* with the market's response to Europe's first blast of wintry weather.

One trader said: "It would need icicles on the trees in June to get this market really moving." U.S. markets appeared particularly pessimistic, with West Texas Intermediate crude trading at $25.50 a barrel, a rise of about 30 cents a barrel.

Traditionally, West Texas *has* traded at a premium to Brent on U.S. markets, but it currently carries *a discount of about 50 cents a* barrel, underlining the more sombre tone of the market in the U.S. where the weather continues to be mild for the time of year.

Yesterday *Sun Oil, a U.S. oil company*, cut its posted price by one dollar to $27.50. This is the latest in a series of such cuts in the past three months.

Heating oil prices *in Europe* showed strong gains, however – a normal response to cold weather. They were quoted $8.50 a tonne higher in Rotterdam at $226.50 a tonne. *Fuel oil and gasoline prices* were unchanged – an indication that as yet the market does not take very seriously the idea that the cold weather will bring about a supply shortage leading to heavier consumption of crude oil in refineries.



Traders and oil analysts agreed last night that it would take more than a bout of *cold weather* in Europe to produce a sustained recovery in prices.

The market is primarily looking for evidence that Opec has at last *found* an effective mechanism for controlling its output. An agreement to police member states' oil production, reached at the two Opec meetings held at Christmas has *been greeted with derision in the oil* market, but analysts said yesterday thait Opec production this month appeared to be holding at the 16m barrels a day (b/d) agreed ceiling.

Mr Mehdi Varzi, the leading Opec watcher at London stockbrokers Grieveson Grant, said Opec production had been cut so far this month by 0.5m b/d from its 16.5m b/d level in the fourth quarter of 1984.

Mr Varzi added, however, that Opec was still likely to be forced to *cut its official price for light* crude from $29 to about $25 a barrel in the coming months.

He is one of several commentators calling for Britain to curb its oil *production in the interests of bol*stering prices. This view has also started to be expressed privately by some major oil companies.

The immediate problem for the British *Government and for* BNOC is what price to set for the crude BNOC buys from North Sea suppliers. The price was $28.65 a barrel until the end of last year, but BNOC has told *suppliers that it is not* yet able to set a January price.

Since BNOC's customers are buying all their crude at spot or spot-related prices, the maintenance of a $28.65 *supplier price would result in* a further round of trading losses at BNOC, which are thought to have amounted to almost £45m ($51.3m) last year.

If it keeps the old official price

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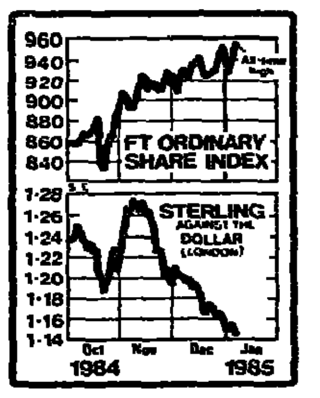
Sterling slips ahead of money figures

BY PHILIP STEPHENS IN LONDON

INTEREST rates in the London money market rose again yesterday and are expected to be translated into higher bank borrowing charges if the growth in the money supply during December was much above expectations.

The three-month London interbank rate put on ⅛ to 10¹³⁄₁₆ as the pound and dollar turned in a roller-coaster day on the foreign exchange markets. The London stock market, however, dismissed for the day its currency and interest rate fears, and institutional buyers moved in to drive the FT Ordinary share index 14.7 higher to a record close of 955.7.



In New York foreign exchange trading last night the pound recouped almost all the losses seen in European trading when the dollar ran into a bout of heavy profit-taking.

The see-saw day left the sterling at $1.1530 by the end of New York trading, while the dollar finished markedly easier at DM 3.13925 against the West German currency.

Earlier in Europe, the pound had lost 1.25 cents to close at $1.142, its lowest ever London close. It also fell slightly against other leading *currencies and the sterling index* calculated by the Bank of England closed at 72.6, down 0.3 from Friday.

The pound's fall of 1.25 cents against the dollar – was attributed to continuing nervousness over oil prices, and accompanied renewed increases in money market interest rates. The decline, however, has partly offset during early U.S. trading by a downturn in the dollar.

The higher London interest rates

Continued on Page 12

Commodities, Page 34

Shultz, Gromyko firm as Geneva talks open

BY PATRICK COCKBURN AND ROBERT MAUTHNER IN GENEVA

MR GEORGE SHULTZ, the U.S. Secretary of State, and Mr Andrei *Gromyko, his Soviet counterpart,* were yesterday locked in laborious talks here, trying to reach an agreement on a framework for a new series of arms control negotiations.

The talks, due to end tonight, were held in secrecy, alternately in the Soviet and U.S. missions to the United Nations. They were attended, apart from the two ministers, *by only four high officials and* an interpreter from each side.

No news was allowed to filter out of the meeting to hundreds of journalists cooped up in a press centre, *but a small pool of U.S. correspon*dents, who were allowed to witness the opening of the morning and afternoon sessions said the atmosphere was businesslike if lacking in any *obvious* warmth.

The meeting began with no apparent change in the basic positions of the two sides. Mr Gromyko made it clear on arrival in Geneva on *Sunday night* that the Soviet Union was looking, above all, for a curb of space-based defensive weapons, the so-called star wars technology.

Without such an agreement Moscow would not be prepared to accept the limitation of offensive weapons, such as long-range ballistic missiles and the medium-range SS-20s targeted on Europe.

Mr George Shultz

The Soviet Union has emphasised that President Reagan's plan *to develop space-based weapons* is a highly expensive and dangerous exercise which could only increase the *prospects for a nuclear war* by forcing Moscow to either match it or *strengthen its* offensive arsenal even further.

The U.S., on the other hand, wants an agreement mainly on offensive weapons and is not prepared to *make research on its star* wars technology, officially called the Strategic Defence Initiative, a bargaining chip during the negotiations. The Americans have indicated, however, that *they would* be ready to talk with the Soviet Union about an eventual curb on the testing and deployment of space weapons, which is still at least 10 years away.

There have been some signs too, that the U.S. might be willing to ac*cept a moratorium on the testing of* anti-satellite weapons, if the Soviet Union is prepared to offer an acceptable quid pro quo on offensive weapons.

Mr Shultz and Mr Gromyko, whose talks lasted a total of about seven hours, divided into a morning and afternoon session, are concentrating their efforts on finding a *structure for more detailed negotia*tions on arms control problems.

The U.S. would prefer separate forums for negotiations on offensive and defensive weapons, with *"umbrella" talks by high political of*ficials to link the two sets of negotiations. The Soviet Union is unlikely to agree to such a procedure unless the U.S. makes a concession *on the strategic defence initiative.*

Reuters reports: The U.S. will brief its Nato allies immediately after the talks, U.S. officials said in Brussels yesterday.

A senior member of Mr Shultz's team will report to ambassadors of the 16 Nato countries at alliance headquarters on Wednesday.

John Hunt writes: Mrs Margaret Thatcher, the UK *Prime Minister,* last night underlined her belief that the U.S. research programme into *star wars weapons systems should* go ahead in spite of Soviet hostility towards it.

Delors sees EMS development as path to greater EEC stability

BY PAUL CHEESERIGHT IN BRUSSELS

M JACQUES DELORS yesterday took over as President of the European Commission and pledged to work for the development of the European Monetary System and the Ecu, the EEC's own currency unit.

In his first public appearance as president, he said that development would contribute to "a less disorganised and erratic international monetary order."

Inside the EEC it could bring about greater stability, promote growth and fight unemployment. Of course, he said in a reference to the British Government's reluctance to take sterling into the EMS, "I still have to prove this to governments – that will be one of my jobs."

The impression M Delors apparently sought to give to about 300 journalists was that of a cautious optimist – no "Euro-pessimism," as he put it – who wanted to get on with the work in hand: "I am going *to avoid* being a *showman* because I think the whole thing would peter out fairly quickly."

He accepted the limitations of his power. The Community "is institutionally *adrift, it has come* up against the wall," he observed. If the balance is corrected – between the Council of Ministers, the parliament and the Commission – then the *Commission is indispensable,* he said.

His respect for the European Parliament was made clear at the outset. He refused to talk about his *four-year programme until he had* presented it to the parliament next

M Jacques Delors

Monday. The final details of the approach to be taken in Strasbourg

Continued on Page 12

1,200 UK miners end strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT, IN LONDON

THE UK National Coal Board (NCB) last night claimed success for its hopes of a renewed acceleration in the number of miners end*ing their strike. It said 1,203 men* had returned to work yesterday.

The NCB said it was the largest return to work on a single day since mid-November – the peak of the previous surge back to work. Yesterday was the first full day of operations since the Christmas and New Year holiday period.

The return was concentrated in four areas – Scotland, the north-east of England, Yorkshire and North Derbyshire. Mr David Archibald, NCB board director for the North-east, said the day's figures were a further step forward "as this strike edges slowly and painfully towards its inevitable collapse."

The board's hopes, however, of a breakthrough in the militant South Wales coalfield failed to materialise. The board sent letters individually to Welsh miners yesterday, pressing for a return to work in *groups.*

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), described yesterday's total of "new faces" as a disaster for the NCB's back to work strategy. He insisted "the dispute is remaining solid" and claimed that there were now 140,000 miners on strike – more than when the strike began last March.

The coal board claims that 71,000 NUM members are working, out of about 186,000.

Mr Michael Eaton, the board's spokesman, said he hoped the two sides would resume negotiations before the anniversary of the start of the strikes. But he warned that there would have to be something fresh to consider.

"What we require before we get back into negotiations," he said, "is *the leadership of the NUM to accept* the fact that the cost of coal production is a factor in whether a mine closes or not."

The divide between the two sides was emphasised when, speaking on the same television programme, Mr Scargill retorted: "I cannot see any purpose in discussing anything other than a solution based on the Plan for Coal" – the expansionist plan for the industry drawn up 10 years ago and which the NUM claims is being broken by the NCB with its pit closure programme.

● Nine miners and a farmworker were jailed yesterday, one for three years, after admitting setting fire to five NCB buses.

UK coal exports, Page 5

CONTENTS

Flemish Liberal gets finance portfolio in Belgian reshuffle

BY PAUL CHEESERIGHT IN BRUSSELS

THE Prime Minister of Belgium, Mr Wilfred Mortens, has brought his coalition Government into a greater state of readiness for a general election at the end of the year with a cabinet reshuffle.

The most significant change is the appointment of a senior Flemish Liberal politician and former minister, Mr Frans Grootjans, as the new Minister of Finance with the rank of Deputy Prime Minister.

He replaces Mr Willy de Clercq, also a Liberal, who yesterday started work at the European Commission.

The reshuffle will be followed by a definition of government priorities, probably in February, for the remaining 12 working weeks left to the parliament.

Mr Martens goes to Washington next week for talks with President Reagan at which the domestically sensitive question of the siting of cruise missiles in Belgium will inevitably be a topic.

On his return he is likely to be embroiled in arguments among the Christian Democrats and Liberals who make up the coalition Government on the advisability of tax cuts.

The Liberals will be pressing for quick cuts, while the Christian Democrats will want to delay until the end of next year. By then, it is believed, the budget deficit will have been brought down to a level equal to about 9 per cent of gross national product

The Flemish Liberals, who have been showing badly in opinion polls, need tax cuts — or the promise of them — to secure their electoral position. Polls have shown that, although the coalition itself has gained in public respect, the constituent parties within it have been losing ground to Socialists and Ecologists.

Euphrates dam shares go on sale to Turks

By David Barchard in Ankara

REVENUE-SHARING certificates in the Keban hydro-electric dam on the Euphrates went on sale across Turkey yesterday as the second step in the Government's privatisation scheme.

Like the sale in December of certificates for the Bosphorus Bridge, the issue was handled by the Turkiye Is Bankasi, the semi-state-owned bank which has undertaken to buy all shares unsold after a fortnight.

In common with the Bosphorus issue, this is a relatively small Tl 40bn (£77m), split between three-year certificates sharing 11.5 per cent of the dam's revenue from electrical power, and those for five years sharing 10.5 per cent.

The General Directorate for Mas Housing and Public Partnerships says the three-year certificates should yield about 40 per cent tax free this year, the five-year ones around 38 per cent. Income should rise to 57.6 per cent and 64 per cent respectively at the end of their terms.

The Government has again selected a project in which investors are virtually certain to make a profit, barring a catastrophe destroying the dam on a change of government with hostile pricing policies.

The certificates were reported to be selling briskly and the Turkiye Is Bankasi is unlikely to have to buy up any unsold shares. The Bosphorus Bridge issue sold out within hours.

Mr Turgut Ozal's Government, however, has now exhausted the stock of large-scale guaranteed profitable public-sector enterprises suitable for revenue-sharing. Which body will be selected next is unclear.

Moscow preaches doctrine of strategic parity

BY PATRICK COCKBURN IN GENEVA

FROM THE moment Mr Andrei Gromyko, the Soviet Foreign Minister, stepped from his aircraft here on Sunday, he has emphasised that U.S. investment in space technology—notably research into an effective anti-ballistic missile system—will upset the balance of power.

This is the repeated theme of pronouncements by Soviet leaders. They claim that the strategic balanuce between the superpowers, which has existed since the Soviet Union deployed its large intercontinental ballistic missiles in 1967-69, is not acceptable to the Reagan Administration. This, in turn, undermines the agreements and understandings reached between the U.S. and the Soviet Union in 1972-75, the most important of which was the Strategic Arms Limitation Treaty (SALT 1).

Such strategic parity did not exist in the 1950s and 1960s. In 1959, for instance, U.S. intelligence was divided on whether Moscow had 500 or 1,000 intercontinental missiles capable of reaching the U.S. The actual figure turned out to be just four. Washington's confidence during the Cuban missile crisis was in part based on the knowledge of this advantage.

Since President Ronald Reagan's election in 1980, the Soviet Union has feared that, at bottom, he is not prepared to accept that there are two superpowers. It is this which gives Mr Reagan's Strategic Defence Initiative, the so-called Star Wars of 1983, such significance in Soviet eyes. Soviet leaders may be undecided about its capacity to pose a long-term threat to their nuclear missile force but they are clearly concerned that some at least in Washington do not accept strategic parity.

Star Wars is regarded with suspicion as much as a symbol of such views as a military threat. But for all the alarm being expressed by the Kremlin, its tone is more confident than during Mr Reagan's first administration. In those four years, the balance of power did not change, despite the militancy of rhetoric in Washington and defence budgets totalling $775bn in three years.

In 1980, the Soviet Union was on the verge of invading Poland. This would not only have involved a major military exercise, but might have unravelled the central European settlements agreed with West Germany and the other West European states in 1970-1975.

This has not happened but the political weakness of the East European regimes remains by far the most vulnerable point in Soviet foreign policy.

Elsewhere, Soviet commentators sound almost surprised at the lack of friction on the ground between the superpowers. The one serious attempt by President Reagan to change the balance of power against the Soviet Union came in Lebanon in 1982, when a government friendly to the U.S. was installed in Beirut. Early last year, however, U.S. marines were withdrawn, and Syria, a strong Soviet ally, regained the dominance in Lebanon it had lost in 1982.

In Western Europe, President Reagan, though thwarted in his attempt to stop his Nato allies helping to build the Soviet gas pipeline to Western Europe, succeeded in having cruise and Pershing 2 missiles installed.

The start of their deployment was the occasion for the Soviet walkout from arms negotiations in Geneva at the end of 1983. But it is doubtful if Moscow ever considered these missiles as destablising as it claimed. Marshal Nikolai Ogarkov, the former Soviet Chief of Staff, said last year that such are the numbers of nuclear weapons possessed by the Soviet Union and the U.S., which can be delivered by such a diversity of means, that no first strike was possible.

It is this conviction which probably contributed to near static Soviet defence budgets in the first three years of President Reagan's term. They rose little from their previous high level of some 13 per cent of gross national product, according to U.S. intelligence estimates.

Snappy exchanges while cameras clicked . . . or ticked

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN GENEVA

THE GREATEST show on earth—judging by the advance billing for the Shultz-Gromyko talks—opened yesterday with a disagreement.

Not, however, over President Ronald Reagan's intention to go ahead with his strategic defence initiative, the so-called Star Wars technology. It was over the noise made by photographers' cameras.

The few reporters privileged to witness the first discussions on nuclear and space disarmament for more than a year between Mr George Shultz and Mr Andrei Gromyko, were so overpowered by the occasion that they could not even agree on the exact content of a conversation destined to change the course of history.

One of America's best known journalists, who overheard the first exchanges between the two great men, reported that Mr Gromkyo said in Russian: "All you hear is the tick-tock of cameras." This was not even an original statement, according to the news-hound, who wrote the report on behalf of a restricted Press pool allowed into the Soviet Mission to the United Nations. It was a repeat of a line the Soviet Foreign Minister had already used in New York.

Another reporter, however, claimed that Mr Gromyko had talked about the "click-click of cameras," not the "tick-tock."

It was clear that Mr Shultz was not going to accept either description of the irritating noise. "All I hear is click-clack," he said

After such an unpropitious start, it was hardly surprising that the rest of the conversation overheard by reporters lacked the scintillating quality that one has come to expect from the top ranks of the super-powers. Gromyko asked Shultz if he was tired. No, he had caught some sleep on the aircraft was the snappy reply.

In considerable despair, the privileged reporter signed off with as much enthusiasm as he could muster, given the raw material he had to work on. "The pool felt that the atmosphere was unremarkable, free of tension or of joviality. One could call it flat or businesslike."

What price a quick agreement on ballistic missiles and space-based laser technology in such an atmosphere?

Honecker to make first visit to Nato country

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S leader Herr Erich Honecker is to make his first visit to a Nato country this year after Soviet objections forced him to call off a planned trip to West Germany last September.

Herr Honecker is to visit Italy "in the next few months" according to a report by the East German newsagency. He will return a visit to East Berlin last year by the Italian Prime Minister, Sig Bettino Craxi.

Although East Germany's Westpolitik appeared to grind to a halt over Soviet objections to closer contacts with West Germany, Herr Honecker has emphasised that East Germany is seeking a "coalition of reason" with all countries.

Laurent Fabius, the French Prime Minister is expected to visit East Germany in the first part of this year. It will be the first visit by a government head of one of the three Western allies in West Berlin who retain certain responsibilities for Germany. Sir Geoffrey Howe, Britain's Foreign Secretary is also expected to pay an official visit to East Germany this year following a visit to East Berlin last July by the French foreign minister.

Despite the collapse of Herr Honecker's trip to West Germany, relations between Bonn and East Berlin have survived the chill from Moscow, which continues to accuse West Germany of revanchism.

Even the entry last September of 150 East Germans into the West German Embassy in Prague failed to disrupt talks between the two governments on a wide range of topics. East and West Germany have collaborated since then for the first time to discourage East Germans from entering West German embassies in order to get out to the West.

Czechs to balance debt and currency reserves

BY OUR BERLIN CORRESPONDENT

CZECHOSLOVAKIA's net hard currency debt, currently estimated at $2.5bn, will be "balanced" by its hard currency reserves by the end of this year according to the chairman of the State Planning Commission, Mr Svatopluk Potac. He said Prague was consolidating its financial and loan "independence" from the West.

Mr Potac said Czechoslovakia would this year boost imports from the West of machinery and equipment by 14 per cent, ending a curb on these imports as a result of the stringent debt reduction programme. At the same time he noted that such imports in the past had been put to poor use. Czechoslovakia is known to have some of the most obsolescent plant and equipment in Eastern Europe and has lost its former lead in fields such as textile machinery.

"We cannot go on forever reconciling ourselves to imported machinery and equipment not being put into operation on schedule or failing to reach the projected parameters" he noted.

The Czechoslovak planning chief said national income is targeted to grow 3.2 per cent this year, the same as actual growth in 1984 when it rose 0.5 per cent over 1983. Industrial production this year is again expected to grow by 3 per cent, he said.

Mr Potac was critical of the shortcomings in research and development and said "gravest of all was that innovation was not the main factor in economic growth."

Management planning and control were also termed unsatisfactory and Czechoslovak factories and foreign trade organisations were said to be only slowly adapting to changing conditions on Western markets. Comecon countries, too, were growing more difficult to satisfy, Mr Potac noted, as the Soviet Union in particular was demanding goods of higher quality

The planning chairman said a 4bn kWh shortfall in electricity production resulting from delays in the construction of new nuclear stations would adversely affect the country's "economy and ecology."

Private consumption in Czechoslovakia this year is to increase by only 2.2 per cent while the average monthly wage is to rise 1.8 per cent, reaching 2,960 Koruna ($432). Mr Potac said the second phase of a new wage system to encourage individual performance and to increase wage differentiation is to be gradually implemented beginning

Six ministers sacked by Kyprianou

PRESIDENT Spyros Kyprianou of Cyprus made sweeping changes to his cabinet yesterday, just two weeks after he ended an alliance with the powerful Akel Communist party, Reuter reports from Nicosia.

A government statement named new ministers for eight posts, including Interior, Defence and Finance. Six ministers were dropped, including three backed by Akel, although not party members, and Mr Christodoulos Veniamin, the longest-serving cabinet member, who had held both the Interior and Defence portfolios since 1975.

The Foreign Minister, Mr George Iacovou, prominent in preparations for a meeting in New York later this month between Mr Kyprianou and Mr Rauf Denktash, the Turkish-Cypriot leader, was one of only four cabinet members to retain his post.

Akel helped Mr Kyprianou, who heads the Democratic Party, sweep back to power in the 1983 presidential election. But he ended the alliance last month, saying there had been disagreements over the handling of the Cyprus problem and that he needed broader political support.

Ex-politician arrested

A former West German Free Democrat politician has been arrested for allegedly robbing a jewellery store of DM 2m-DM 3m in gems and pistol-whipping two witnesses, the police told AP in Ludwigshafen. Herr Hans-Otto Scholl, former chairman and Whip of the Free Democrats in Rhineland-Palatinate, was arrested on Saturday.

Snow-shocked Romans recover at home

By James Buxton in Rome

ROME HAD its most peaceful working Monday for years yesterday as hundreds of thousands of Romans stayed at home recovering from the shock of the moderate but unwanted snowfall of the day before.

Many government offices were almost deserted and companies had to operate with skeleton staffs as the bulk of their employees decided it was too difficult or dangerous to go to work. At lunchtime, the bars in the main piazzas were almost empty.

As a result, those buses that were running crunched to their destinations over uncleared snow and ice in record time.

Many Romans seemed content to accept the pleas of the authorities that Sunday's snow and heavy frost in Rome were such unusual events that they could be forgiven for making virtually no preparation for them.

The city administration possesses almost none of the equipment needed to clear snow from the streets, Rome's two airports have only the minimum of runway clearing machinery and the railway points in the Rome area are not fitted with heating to prevent freezing.

The last time Rome suffered a serious snowfall was in 1971 when the effects on the city were equally sensational. The airports were last closed by snow in 1965. A member of the Italian Pilots Association remarked on Sunday that even if a decision had been taken to invest heavily in runway clearing equipment "it certainly wouldn't have been in working order."

The burden of the 15 centimetres of snow that Rome had to cope with was dwarfed by very heavy snowfalls and intense frost in recent days in the mountains of central and southern Italy and in the Alps. But in these areas—some of them only a few dozen miles from Rome—people are used to it.

Polish kidnap leader denies full responsibility for priest's death

BY CHRISTOPHER BOBINSKI IN TORUN

A FORMER captain at Poland's Interior Ministry yesterday admitted in court to taking part in the kidnapping and murder of Fr Jerzy Popieluszko, the pro-Solidarity priest, but carefully avoided taking sole responsibility for the death.

Mr Gregorz Piotrowski, who led the three-man group from the Interior Ministry on their kidnap mission last October 19, made his statement at the end of a day-long hearing by the court of one of his subordinates, Mr Waldemar Chmielewski, a former lieutenant.

Mr Piotrowski's calm and self-confident manner, in the closely-guarded courtroom in Torun in north-western Poland, contrasted with the stammer and constant facial twitch of Mr Chmielewski. The latter's appearance has lent credence to his claim that the kidnap and subsequent arrest have been a long nightmare.

Today, Mr Piotrowski's evidence will show just how far he is willing to implicate his former immediate superior, Colonel Adam Pietruszka, who is also in court charged with inspring the murder. He has denied the charge.

Mr Piotrowski, 33, had achieved rapid promotion in the Ministry's department dealing with the Roman Catholic Church and Solidarity and he appears to be well aware of the political ramifications of the trial.

The question which still awaits a convincing answer in court is just how high inside the Interior Ministry was approval given for the kidnapping and the possible consequences for Fr Popieluszko. Mr Piotrowski is the first of the accused to be in a position to provide concrete evidence.

Both Mr Chmielweski and Mr Leszek Pekala, the third man in the group, have mentioned higher authorites being "in the know." But their evidence suggests that they were told little by Mr Piotrowski.

However, Mr Chmielewski yesterday withdrew under questioning by the judge a reference in his pre-trial evidence to General Wladyslaw Ciaston, a Deputy Interior Minister and the most senior name to be heard so far

Mr Chmielewski's generally repentant tone changed yesterday when he was questioned by Mr Jan Olszewski, a noted civil rights lawyer, appearing for Fr Popieluszko's family. He became quite angry and refused to answer several questions as the lawyer sought to establish how the ethics at the Interior Ministry had enabled him to follow orders and perform the kidnapping.

Talks to avert Gibraltar chaos

BY TOM BURNS IN MADRID

SPANISH AND British officials will hold joint talks on each side of the Gibraltar border this week to avert what could be a chaotic reopening of the frontier in less than a month's time.

Border restrictions imposed in 1969 to press Spain's claims to the British colony are due to be lifted on February 5 when Sir Geoffrey Howe, Britain's Foreign Secretary, and Sr Fernando Moran, his Spanish counterpart, meet in Geneva to discuss outstanding differences over Gibraltar, including sovereignty.

The mayor of La Linea which adjoins Gibraltar said yesterday that as far as he and his municipal authorities were concerned, there was a "total lack of preparation" for the opening.

Mayor Antonio Diaz Lara warned in a telephone interview that La Linea was not equipped to deal with the expected massive increase in tourism and that its services and supplies would be severely strained. An immediate concern is about traffic conditions as soon as the 10,000-odd Gibraltar vehicles are permitted to leave the confines of the Rock.

The talks are to be held on Thursday and Friday in La Linea and Gibraltar. The 12-member Spanish delegation is to be led by Sr Francisco Mayans, a senior adviser to Sr Moran, and includes experts from Madrid as well as Mayor Diaz Lara. The British delegation will be headed by the Deputy Governor of Gibraltar, Mr John Broadley, and comprises local officials, and diplomats from London and Britain's Madrid embassy.

Before the joint meetings, the Spanish delegation will have discussions with mayors in the Campo de Gibraltar, the area surrounding the Rock. They are expected to demand considerable government aid. "We will be the shop window of Spain when the border opens and we have 8,000 unemployed, 34 per cent of the labour force in La Linea," Sr Diaz Lara said.

TV struck off the menu at breakfast

By Paul Betts in Paris

FRANCE WAS deprived of its first taste of weekday breakfast television yesterday by an industrial dispute which prevented the launch of the early morning news and review programme of Antenne-2, the second national television channel.

The strike by members of the pro-Communist CGT and pro-Socialist CFDT unions over manning and extra bonuses for early morning broadcasts, is a serious blow for the network.

The arrival of weekday morning television had been given a big build-up in France. Antenne-2 had set up direct satellite transmissions with New Caledonia and the U.S. for its first two-hour programme due to start at 6.45 am. Breakfast television was also seen as a further landmark in the changes revolutionising France's state-controlled broadcasting system.

The management of Antenne-2 has rejected union demands for extra jobs and higher benefits for staff working on early programmes. A similar dispute had threatened to mar the start of last autumn of a 15-minute experimental early morning news programme called "Bonjour la France" broadcast on Saturdays and Sundays by TF-1, the first national channel.

The TF-1 venture, however, was far more modest than that of its rival. Indeed, M Laurent Fabius, the Prime Minister, used his first major television appearance after his appointment last summer to announce the start of regular breakfast television this month.

It also forms part of the general response by the national networks to the challenges of deregulation in the French broadcasting industries. The national channels have seen their secure monopoly positions increasingly threatened by President Francois Mitterrand's decisions to abolish the state monopoly on broadcasting, the launch last November of Canal Plus, the private pay-television channel, and the announcement of ambitious plans to develop eventually a nationwide French cable television network at a cost of some FFr 60bn (£5.3bn).

Even more alarming for the national television networks are M Mitterrand's New Year statements in favour of liberalising broadcasting. He suggested in very ambiguous terms that he supported the development of private over-the-air television channels in France. M Jack Lang, the Minister of Culture, at the weekend also expressed his support for private television.

However, echoing President Mitterrand, he warned that private television would have to be carefully regulated to avoid a situation like Italy's. Broadcasting and film industries there have been badly shaken by the unbridled and anarchic development of private stations.

Nato bomb blast

KARLSRUHE – A bomb exploded near a Nato fuel pipeline close to the West German town of Giessen yesterday. A spokesman for the local state prosecutor's office said left-wing guerrillas of the Red Army Fraction were believed to have been responsible. Reuter

New Mediterranean Programmes spur Greeks to learn to swim

Andriana Ierodiaconou explains how Athens is beginning to deal with Brussels

"I INTENDED to throw the Greeks into the sea, feeling sure that, in order not to drown, they would learn to swim." said Mr Constantine Karamanlis, then Prime Minister of Greece on the signing of his country's Treaty of Accession to the EEC. After the recent showdown at the Dublin summit, the Greeks feel for the first time that they are swimming.

Prime Minister Andreas Papandreou's insistance that Greek approval for the enlargement of the EEC would only follow the implementation of the Integrated Mediterranean Programmes which would speed up economic development in the poorer EEC states, may have caused shock and anger among his EEC partners — notably Britain and West Germany — and intense frustration in Madrid and Lisbon.

But paradoxically, just as the EEC reaches a low point of patience and sympathy with Greece, Dr Papandreou's Dublin stand is seen in Athens as Greece's coming of age in the EEC, of which it became the newest member in January, 1981.

Thus, upon his return, the Prime Minister found himself receiving compliments (albeit backhanded) for his "ultra European" attitude from, no less than the Conservative Opposition — the architects of accession under the premiership of Mr Karamanlis in the second half of the 1970s, and the most virulent critics of the Socialists' past anti-EEC policies.

Aggravating though it may be to his partners, Dr Papandreou's approach today is a far cry from the days when as leader of the Opposition he preached withdrawal from the Community. When his Socialist Party took power in October 1981, Dr Papandreou said there would be a pull out, pending a referendum. Today the word is not even mentioned.

This shift partly reflects the internal Greek political balance between Dr Papandreou and President Karamanlis. The latter is a fervent European who considers bringing Greece into the EEC to be one of his major political achievements, and who has made it clear that calling a referendum on withdrawal, which he would have to initiate, is out of the question.

But beyond the Karamanlis factor, Greece's receipts from the Community have become conspiciously vital to its balance of payments. Foreign Ministry officials now pride themselves in overshooting the Conservative Party's projected receipts as they have grown more efficient in processing applications for finance to Brussels.

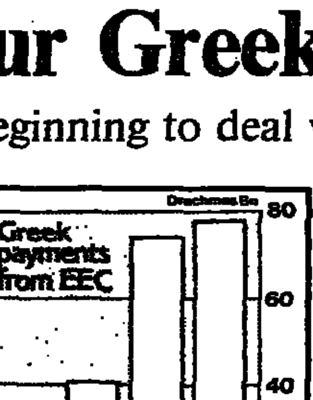
According to European Commission figures, net receipts soared from Drs 10.1bn (£67m) in 1981, the first year of membership, to Drs 40.6bn in 1982, Drs 73.4bn in 1983 and over Drs 78bn this year.

At the same time, there has been a noticeable shift in public opinion in Greece in favour of the EEC. Independent polls in the greater Athens area, where about one-third of the population is concentrated, have registered a gradual rise in pro-European sentiment starting in the spring of 1982. In June last year, at the time of the European Parliament elections those saying "Yes" to EEC membership outnumbered the "Nos" by 52 per cent to 45 per cent.

Pollsters say this trend is continuing. They estimate that six out of 10 Greeks nationwide are today in favour of staying in the Community.

The improvement in the EEC's image is partly due to the impact of the financial benefits on the farming areas. It is no longer only an EEC propagandist's dream to come across a Greek farmer deep in the country deftly calculating the year's crop subsidies in European Currency Units.

In the urban areas, where higher prices caused by an influx of EEC goods were an early negative factor, the public seems to have responded to the toning down of the Socialist



Government's anti-Community rhetoric.

This pro-EEC turn has been accompanied by a fundamental shift in Greek expectations regarding the Community. Greece's accession was largely a political decision, intended to bolster the fledgling democracy which succeeded the collapse of the colonels' dictatorship in 1974. As a result, attitudes, particularly in Athens, about the economic realities of accession, verged on the carefree.

This romance soon dissipated as the tough economic consequences of accession hit home. In 1981, Greece's overall trade deficit with the EEC increased by 19.2 per cent, while the agricultural trade balance, positive before accession, went into a deficit of Drs 10.5bn.

The influx of EEC goods contributed to double-digit annual inflation, of about twice the average EEC level. Despite a reversal of the trade trends in 1983, the National Economy Ministry still believes the overall impact of accession on the Greek economy has been negative.

It was this new realism which prompted the "Greek memorandum" submitted to the Commission by the Papandreou Government in the spring of 1982. The memorandum was essentially a demand for special funding to improve Greece's substandard infrastructure and a petition to be allowed to bend Community competition rules in order to protect the weak domestic manufacturing industry and the economy in general from the pressures of accession.

The Commission's response stressed that Brussels could not be expected to shoulder the structural problems afflicting the Greek economy. Nevertheless Greece was allowed to impose a special import regulatory tax last year, to be gradually dismantled by 1989, which effectively acts to protect the domestic market from EEC imports. Over the past three years Athens has also won the right to apply import quotas on a range of products.

The Commission warns however that sympathy for the Greek case has been dwindling over the past months, partly because of budgetary stringency, but also because the view is gaining ground that Greece should be rewarded financially only to the extent that it fulfils Community legal obligations.

The sore point is Greek infringements of Community regulations. Exchange restrictions, tax questions, public supply contracts, and the setting up of a state pharmaceuticals monopoly, are said to be major areas of difficulty. But, according to the Commission, the biggest problem lies in infringements which deliberately serve to keep Greece a closed market.

"We are trying to take a balanced view because we appreciate the weaknesses of the Greek economy. But member states such as Britain, which is interested in exporting whisky, simply look at the awful complications and says this is horrible," one Commission official said.

Officials remain unperturbed at the growing number of cases facing Greece in the European Court, pointing out calmly that Athens ranks "only third" after Paris and Rome in its alleged infringement of EEC regulations. Greece will fight EEC battles for its national interests with the usual EEC weapons, they say, pointing to Mrs Thatcher as a good example.

"If anything, we are more Community-minded than the British. All they want is a free trade zone with some elements of a customs union. We want the EEC to have a political dimension. But you cannot have this with economic inequalities, and without trying for convergence," one official remarked.

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Suharto introduces new taxes and cuts development spending

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

INDONESIANS face yet another difficult year of austerity, with new taxes and a sharp decline in real development spending, under a draft budget presented to Parliament yesterday by President Suharto.

The Rp23,046bn (£18.6bn) balanced budget, which comes into effect in April, compares with a budget of Rp20,560bn in 1984-85 and reflects the continuing problems faced by Asia's largest oil and gas exporter in adjusting to slow world growth and a persistently soft global petroleum market.

President Suharto, who has ruled this country of 160m people since the mid-1960s, said Indonesia was "going to enter a difficult and arduous year" and admitted that the budget was smaller than envisaged by the current five-year economic plan, which began last year. But he appealed strongly for understanding and support.

The main features of his budget include:

● The imposition of a new 10 per cent value added tax from April. Originally this was due to be implemented last year, but it was postponed until January 1986. Now it has been brought forward to help boost revenues along with a new income tax system already operating. Together these are to generate Rp4,600bn, or about 61 per cent of non-oil revenues.

● A 1 per cent decline in foreign contributions to development projects, to Rp4,370bn. Total development spending, at Rs10,650bn, is set to rise only 1.8 per cent, a decline in real terms given the present official inflation rate of 8.8 per cent.

● A sharp rise of about one-third in the Government's debt service payments in 1985-86 to Rp3,560bn, amounting to more than 28 per cent of all its recurrent expenditures of Rp12,400bn. This figure is more than 2½ times the level of two years ago, and reflects not only Indonesia's past heavy borrowing but also the 27.5 per cent devaluation of the rupiah in 1983 and its subsequent depreciation.

● A 29 per cent increase in personnel costs to RP 4,100bn as a result of a 20 per cent pay rise awarded to all civil servants and the armed forces. This affects more than 3m people, and follows a 15 per cent pay increase last year. The principal aim is to stimulate the domestic economy.

In his speech, President Suharto gave no projections for economic growth, which in calendar 1984 is estimated to have reached 4.6 per cent after 4.2 per cent in calendar 1983. Though the agricultural sector has done well — and this affects the majority of the workforce — greater hardship has been experienced in the urban, industrial sector.

S. African interest rates return to record levels

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Reserve Bank yesterday raised its rediscount rate by one point to a maximum of 22.75 per cent following strong upward pressure in the money market and a declining Rand fuelled by a falling gold price.

The move was promptly followed by two of the leading commercial banks, Barclays National Bank and Ned Bank, which raised their prime lending rates from 24 to 25 per cent.

The rise in the rediscount and prime lending rates brings South African interest rates back up to the record levels reached in August last year after a brief reduction in mid-November when commercial banks dropped their prime rate by two points to 23 per cent and the Reserve Bank its discount rate by one point to 21.75 per cent. In mid-December the commercial banks were obliged to raise their prime rates one percentage point to 24 per cent.

The politically-inspired rate reductions of mid-November, which preceded important by-elections, are now seemed to have been badly mistimed.

Senator Edward Kennedy yesterday attacked the South African Government's policies of forcible removal of black communities as "inhuman and indecent" during his visit to the village of Mahopestad, north-west of Pretoria whose 1,500 inhabitants are under threat of removal. Earlier he was told by Mr Pik Botha, the Foreign Minister, that the Government only moved black communities "for medical and hygiene" reasons.

Short-term interest rates have risen steadily in recent weeks and the Reserve Bank last week pumped an additional R 500m (£213m) into the money market through the rediscount window to try to ease the upward pressures.

This was not enough and other commercial banks are expected to raise their prime lending rates to 25 per cent shortly. Other interest rates throughout the system will also follow the rediscount rate upwards.

Peres 'will not rest' until airlift is completed

By David Lennon in Tel Aviv

MR SHIMON PERES, the Prime Minister, pledged yesterday not to rest until all Jews in Ethiopia are brought to Israel. He expressed confidence that "what was started will be renewed and continued."

The secret airlift to rescue the Jews from famine-ravaged Ethiopia was halted on Sunday following worldwide publicity about the dramatic operation. Over 7,000 Jews had emigrated from Ethiopia to Israel since the beginning of November.

Israel is actively seeking alternative arrangements following the decision by Trans European Airways, a Belgian charter company, to halt its mercy flights from Sudan to Israel.

Clearly disturbed by the rancorous debate within Israel over who released the news of the airlift, and thus cause its suspension, President Chaim Herzog, yesterday appealed to Israelis "not to make the splendid rescue of Ethiopian Jewry into an ugly chapter of accusations and slanders levelled by political groups against each other."

The President said that efforts must be made "to quiet the storm." He added that "the more we succeed in removing the subject from the headlines, the greater the chance to rescue the remnants."

About 4,000 Ethiopian Jews are believed to be in Sudanese refugee camps awaiting transport to Israel. As many as another 6,000 Jews are still in Ethiopia.

Israel refuses to set date for pullout talks

By Our Tel Aviv Correspondent

THE ISRAELI military delegation to the Lebanese withdrawal talks refused yesterday to set a date for the next meeting with the Lebanese delegation because of the lack of progress towards agreement on security arrangements in the event of an Israeli pull back.

During the meeting at Nakoura in southern Lebanon, the 12th so far, both sides repeated the tough positions which had left the talks on the verge of collapse before the Christmas/New Year recess.

The Israelis warned before the recess that unless the Lebanese are willing to compromise over the security arrangements, they may withdraw from negotiations.

Israel wants the border strip left in the hands of the southern Lebanon militia, a mainly Christian force.

Meanwhile, Mr Shimon Peres, the Prime Minister, revealed yesterday that Israel and Egyptian military teams may meet in Israel next week to discuss the future of the disputed Taba area on the Israel-Egypt border in the Sinai.

Both countries claim sovreignty over the 700-metre stretch of Red Sea coast south of the Israeli port of Eilat. Egypt has made a resolution of the Taba dispute one of the conditions which must be fulfilled before it will agree to return its ambassador who was withdrawn from Tel Aviv in September, 1982.

Election result was a sharp shock, reports **Chris Sherwell**

Singapore politics enters new era

AN UNEXPECTEDLY sharp protest vote against the ruling People's Action Party in last month's general election has posed a formidable challenge for Mr Lee Kuan Yew and his carefully-groomed generation of new leaders.

Mr Lee, who has been Prime Minister since the island state secured self-rule 25 years ago, has to decide in the next four years whether he can afford to step down from power at age 65, as he has previously indicated he will do. The younger leaders, poised to take over the reins under his guidance, have to try to stem the drain in support for the PAP.

By the standards of all other democracies in the world, the PAP's performance was hardly uncreditable. It won 77 out of 79 seats, 30 of them a walkover and the rest with 63 per cent of the vote. By its own standards, however, the outcome was a shock. The party was convinced it would sweep the board as it has since 1968, and never dreamed of a 13 per cent swing to the Opposition. Many contests were very close.

The two losses were embarrassing, if always on the cards. The party desperately wanted to recover the seat of Anson, which it lost in a 1981 by-election to Mr Ben Jeyaretnam of the Workers' Party, but he secured an increased majority. In the other seat, Potong Pasir, Mr Chiam See Tong of the Singapore Democratic Party sailed in with an impressive 60 per cent of the vote after a sustained and measured campaign.

Both men beat PAP figures tipped by the Prime Minister himself for senior Government posts. The more difficult fact to swallow, however, was the overall swing in favour of the opposition. If this is repeated next time, it could cause a major loss of seats and even cost the PAP the government. Yet the opposition consisted of eight different parties, all

Mr Chiam See Tong . . . winner

weakly organised and poorly funded, with little media access. They put up mostly uninspired candidates and no alternative programme.

While the PAP ran on its hugely successful record of economic growth and political stability and on its ambitious vision of the future, the opposition raised issues which were parochial but, to ordinary Singaporeans, important. It focused relentlessly on the Government's forced savings scheme, its controversial education policies, and its housing programme, all of which affected voters' everyday lives.

The result was a protest vote against the PAP, despite its year of preparation, its grip on the print and broadcast media and the conveniently contrived assistance of 25th anniversary national celebrations. The PAP clearly misjudged the electorate's mood, raising serious questions about the true effectiveness of its own party machine and exposing not only popular frustration at its paternalism and high-handedness but the shortage of outlets for such dissent outside elections.

Whether this irritation stretches as far as fundamental policy questions is another matter. Singapore's youthful electorate is not immature: voters knew the PAP would easily return to power and may have used the opportunity to register their feelings about the party's style rather than its substance. Anyway, Mr Lee himself had spoken of the need for an opposition, and even amended the constitution to produce one in the event of a clean sweep.

It is also Mr Lee's judgment, however, that voters in Singapore need to "grow up," as he puts it, and learn the real consequences of their actions. That is why he has talked so ominously of constituencies losing PAP services where they back the opposition, and of modifying the one-man one-vote system. In his apocalyptic view, Singapore cannot survive the end of PAP policies.

This sort of attitude could be a problem in the future. Indeed, as Mr Lee has virtually committed himself to stepping down from the premiership by 1988, the election result means Singapore could offer the world a remarkable example of the difficulties a powerful ruler faces in handing over the reins.

Mr Lee is thought likely to become an elected president under a new "half-way house" arrangement he first proposed last year. Certainly he will be utterly in charge for the moment, despite the announcement of a fresh cabinet line-up headed by a new First Deputy Prime Minister, 43-year-old Mr Goh Chok Tong, the Defence Minister.

This is being described as the final phase in the transition to a post-independence generation of leaders. Mr Goh is seen as the new centre-forward while Mr Lee has moved back to goalkeeper. In truth, as one academic puts it, Mr Lee remains the referee.

But Mr Lee represents Singapore's past rather than its future, and it is the younger generation of leaders — which now also includes his own 32-year-old son, Brig Gen Lee Hsien Loong—which has the formidable task of clawing back the support the PAP has lost.

Mr Goh has already frankly described the election outcome as "pretty scary" and admitted the party misjudged the voters' mood. He has also said rather pointedly that the younger leaders will need to be convinced about any change in the one-man one-vote system and that Singaporeans will have the final say through an election or referendum.

It is clear, however, that the PAP will not compromise on the programmes it believes are right, and that while Mr Lee is around it will maintain the substance and continuity of its major policies. Whether this is what the electorate wants remains to be seen, and attention will now focus on whether the PAP and a new opposition can learn to live with each other.

It is difficult to imagine the new generation of PAP leaders, recruited as much for their intellectual talent as their motivation, again securing the clean sweep of all parliamentary seats that their predecessors, often politicians to their fingertips, managed in the past.

This could mean that Singapore will face the prospect of a more conventional opposition if the new MPs can come together with an alternative programme and convince voters of their worth. Either way, last month's election has proved to be a watershed and means that Singapore politics should be taken far more seriously than in the past.

Loyalists reject plan for New Caledonia

By David Housego in Paris

THE FUTURE of New Caledonia, France's distant territory in the South Pacific, was thrown into fresh uncertainty yesterday after the outright rejection by the loyalist movement on the islands of Government-sponsored plans for a phased move towards a new status of "independence in association" with France.

The rejection by the loyalists, who have a majority in the local Parliament, opens up the possibility that the proposals could be turned down in a referendum on the islands' future to be held in July.

It also ensured that New Caledonia – where the loyalist movement in being encouraged to hold firm by the major opposition party in France as part of its domestic running battle with the Government – will continue to cast a long shadow over French politics in the run-up to the French parliamentary elections next year.

The proposals for a novel status of independence in association with France were outlined yesterday in a broadcast to the territory by M Edgard Pisani, the former Gaullist minister, appointed by President Mitterrand as a special commissioner to make recommendations on its future.

M Pisani's aim was to defuse the fears of the white settler population at the prospect of independence under Melanesian rule, while responding to Melanesian demands for immediate self determination.

Under the proposals which he announced yesterday, New Caledonia could become an independent state with access to membership of the United Nations from January next year. But under a treaty of association with France, the French Government would retain control of defence and internal security.

WORLD TRADE NEWS

Reagan rejects ITC ruling on Duracell imports

PRESIDENT Ronald Reagan has rejected a ruling by the U.S. International Trade Commission (ITC) that imports of batteries made by Duracell's Belgian subsidiary should be blocked as unfairly traded goods, *AP-DJ* reports from Washington.

Duracell — a subsidiary of Dart and Kraft, of the U.S., a food and consumer products concern — had complained to the ITC that various U.S. wholesalers and retailers, taking advantage of the strength of the dollar, were purchasing from third parties in Europe batteries made by its Belgian subsidiary and importing them for sale in the U.S. as identical to American-made Duracell batteries.

Although the U.S. and Belgian batteries were considered identical in performance, U.S. consumers were being deceived, the company said, because they were not being told that some of the batteries they were purchasing were not made in America. As a result Duracell's U.S. operations were being injured.

In a November 5 ruling, the ITC agreed, issuing a general exclusion order prohibiting further imports.

However, the President, exercising his 60-day right of review of such decisions, has thrown out the ITC order on grounds that it was at odds with a long-standing and court-tested interpretation of law in similar cases by the treasury's customs service.

In addition, the Cabinet council on commerce and trade is currently in the process of gathering data on so-called "grey" market — or parallel imports as they are also known — issues with a view to deciding if a new policy might be required.

Allowing the ITC ruling to stand could be viewed as a change of policy before that review is complete, the White House argued.

Duracell said it was disappointed with the President's decision and said the company was considering what further actions it might be able to take to obtain relief. The possibilities it admitted, were limited.

Hungary shows way in personal computer sales

BY LESLIE COLITT IN BERLIN

A HUNGARIAN joint stock company is demonstrating that the best advice to East European countries which want to sell more effectively to Western markets is to carry out economic reforms which spur business intiatives.

Novotrade Limited, whose shares are owned by nearly 100 state companies and banks, is *the first East European company* to successfully export video games to the West. This year it expects to earn \$1.5m (£1.25m) in royalties from sales of its 25 games in the UK, West Germany and the U.S.

The company, founded in 1983, was the first to lease U.S. Commodore 64 personal computers to Hungarian computer programmers. Spurred on by *their share of hard currency* profits, the programmers developed video games which were then sold to Novotrade's UK partner, Andromeda Software.

Novotrade has also opened Hungary's first computer programs shop selling to both individuals and companies.

More than 10,000 Commodores are estimated to be in operation in Hungary and the Government, in order to boost computer sales further, slashed custom tariffs on personal computers last month by 50 per cent. The Commodore 64 costs about forints 27,000 (£457).

Hungary is the only Comecon country which has encouraged the domestic production and importation of personal computers. Czechoslovakia and East Germany are only now preparing to make a small number of these computers, *most of which* will, however, be for company use.

Indian Airlines considers Airbus bid

Indian Airlines (IA) is considering an offer from Anglo-French Airbus Industrie for as many as 30 airliners, despite a letter of intent signed earlier with Boeing for the multi-million dollar deal, says a top IA official, Reuter reports from New Delhi.

"The letter we signed with Boeing is subject to final government approval and does not compel us to buy their planes. We will seriously consider any offer we get," Mr R. Prasad, the economic adviser to the airline's managing director, said.

The letter of intent covered the purchase by India's domestic airline of 12 Boeing 757s. The Airbus Industrie offer is for A-320s airliners, due to come off the production line in 1988.

Boeing and Airbus have been in competition for the order, and for a similar deal with the country's international carrier Air India, for the past 18 months. The airlines *announced last summer* that IA had signed up for 12 Boeings and Air India had agreed to purchase six Airbus A-310s. That arrangement was thought to have secured the deal for the two manufacturers.

One European banker said the new Airbus offer could mean both contracts are up for grabs again.

India's domestic carrier has budgeted about \$600m (£500m) for the aircraft, and bankers from around the world have been flocking to its Delhi headquarters with offers of loans.

IA is an attractive proposition because it is one of the few carriers to make a consistent profit

● Pacific Western Airlines, of Calgary, is to sell its fleet of two Boeing 767 jets less than two years after the planes were delivered, Bernard Simon writes in Toronto. The airline, whose routes are mainly in western Canada, has also cancelled orders for two other 767s, replacing them with a total of six smaller Boeing 737s.

PWA said passenger loads on the 767s have been disappointing, and that the stability of fuel prices in recent years has made the fuel efficiency of the 767 a less crucial factor than the airline anticipated

U.S. TEAM BEGINS THREE DAYS OF DISCUSSIONS IN MOSCOW

Hi-tech curbs colour trade talks

BY DAVID BUCHAN IN LONDON AND STEWART FLEMING IN WASHINGTON

A U.S. Government team, led by Mr Lionel Olmer, under secretary of commerce, today opens three days of discussions in Moscow in what are the first *high-level trade talks* between the superpowers since 1978.

The talks are as significant in political terms, as in terms of bilateral trade, which is dominated by the Soviet Union's cyclical but currently large need for U.S. grain and by U.S. security restrictions and Soviet contract anxieties concerning purchases of U.S. industrial high technology.

Last year U.S. exports to the *Soviet Union amounted to* \$2.9bn (£2.4bn) and were overwhelmingly agricultural, while Soviet sales to the U.S. were in the range of \$500m and were mainly metals and fertiliser raw materials. This volume is well below the peak of 1979.

The Moscow talks are put by U.S. officials in the context of recent statements by President Reagan calling for a wider and "more constructive relationship" *with the Soviet Union.* Nevertheless, there has been minimum publicity in Washington about them, for fear of arousing expectations and U.S. right wing opposition of anything that smacks of "normalising" relations with Moscow.

One aim is to pave the way for a possible meeting soon of the U.S. commerce secretary and the Soviet Trade Minister as part of the U.S.-Soviet Joint Commercial Commission, under the rubric of the 1974 economic accord renewed last year.

The U.S. side will focus on *increasing* U.S. sales of non-strategic items, such as technology and machinery for the growing, harvesting and processing of food which the Soviet Union badly needs. The U.S. Commerce Department has just published a list of industrial goods whose sale to the Soviet bloc is restricted, reflecting last year's agreement with U.S. allies in the Paris-based Co-ordinating Committee (CoCom) that new ranges of electronic, computer, robotic and telecommunications technology are of potential military use to Moscow

Team leader: Mr Lionel Olmer, U.S. under secretary for commerce

The U.S. side will insist that its control policy is not for negotiation with Moscow. But the Olmer delegation includes a senior official responsible for administering export controls, which will be explained to the Russians.

"At the moment Moscow does not seem to know what it can and cannot buy from us," said one official in Washington, adding that the latest CoCom review had freed some less powerful computers, for example, from controls.

The U.S. team is also expected to complain that the Russians have struck U.S. companies off some of their purchasing and contract tender lists. But Soviet officials, led by Mr *Vladimir Sushkov, deputy trade* minister, are likely to counter that they cannot be expected to contract for deliveries of U.S. technology and turnkey plants spread over several years, as they did in the 1970s, without assurances that Washington will not interrupt such contracts for political purposes.

The U.S. has imposed sanctions against Moscow on and off in recent years, starting with *President Carter's blocking of* a compunter sale in 1978 to protest a Soviet dissident trial. The most recent sanction was President Reagan's attempted ban in 1982 on U.S. technology for the Siberian gas pipeline, ostensibly to protest martial law in Poland.

U.S. companies, like Caterpillar whose pipe-layer sales to to the Soviet Union were for a time banned by political sanctions, and like International Harvester, whose agricultural division (now being acquired by Tenneco) has had long discussions with Moscow about supplying combine harvester technology, would also like some assurance of contract sanctity from the Administration before they pursue further Soviet business.

One suggestion put to the Administration is that its August, 1983, assurance of contract *sanctity on grain sales* to the Soviet Union (which survived the political outrage following the September 1, 1983 shooting down of the South Korean airliner) might be extended to cover other areas. But the Administration has apparently not been receptive to the idea.

Contact sanctity is an issue in still unresolved renewal of the 1979 Export Administration Act. The Senate version would give blanket protection to existing contracts from political or "foreign policy" *sanctions, while the House of* Representatives version of the new act would simply make such sanctions harder to impose.

There is, thus, likely to be something of an impasse on the larger trade issues, and on tariffs and credit. Negotiations to give Moscow most-favoured-nation tariff status for its goods entering the U.S. market and Export-Import Bank credit broke down 10 years ago on the Congressional requirement that the Soviet Union allow free emigration. This requirement still stands, and therefore U.S. officials say they expect no talk of MFN and credit this week in Moscow.

Thus, much of the discussion may focus on smaller issues such as U.S. company complaints about difficulties they face with finding office space and hiring personnel in Moscow.

Senegal ore scheme set for export boost

BY PETER BLACKBURN, RECENTLY IN DAKAR

SENEGAL'S troubled \$800m (£666m) Miferso iron ore scheme appears set for an export boost following a series of marketing and fund-raising missions to Europe, the Middle East and Asia by Mr Adama Diallo, the new chairman of the *state-backed enterprise.*

The jroject, which involves Senegalese, French and West German participation, hopes to capitalise on a predicted world iron ore shortage in the 1990s. However, Senegal has found itself caught in a race with its *neighbours, such as Guinea and* Gabon, which have undertaken similar projects, and Brazil, which recently launched the *vast Carajas iron ore project.*

These efforts have also come at a time of severe iron ore price depression.

The message Mr Diallo has been taking to potential clients is Senegal's proximity to Europe, the high grade of the country's iron ore and its political stability.

A chief sales target has been Romania. The Bucharest Government has expressed written interest in a possible countertrade whereby it would accept payment of up to 1.5m tonnes per year of ore in return for work on the project.

Romania has been lined up for construction of a new port at Bargny, 20 km south of Dakar, and for civil works at *the mine located at Faleme, 760* km east of Dakar.

The Arab Iron and Steel Company has also said it will take up to 1m tonnes a year, given the right ore specifications.

Perhaps the most important market outlet of all is within the EEC. The French Usinor, West German Rohstoffhandel, British Steel and Cockerill Sambre and Sidmar of Belgium, have all expressed interest.

Miferso, or the Societe des Mines de Fer du Senegal Oriental, is a joint venture involving France's BRGM, West Germany's Krupp and Japan's Kanematsu-Gosho. Each has a 24 per cent stake, the Senegal Government 18 per cent and Germany's Exploration und Bergbau and France's Coframines 5 per cent each.

The point of Mr Diallo's sales mission is to establish a guaranteed market of 6m tonnes a year in order to give the project a final go-ahead. The group's original annual output was set at 12m tonnes.

Civil workers tenders for the mine are scheduled to be issued next year, so that production can start by 1990.

China has been contacted to help finance and build 317km of railway between Tambacounda, on the main Dakar-Bamako line, and Faleme. It has also expressed interest in taking up to 1m tonnes a year of ore in possible counterpayment says Miferso.

S. Korean overseas construction orders fall

THE VALUE of South Korean overseas construction contracts totalled \$6.5bn (£5.4bn) last year, the lowest level in four years, industry officials say.

This compares with \$10.5bn the previous year, \$13.4bn in 1982 and \$13.7bn in 1981.

The 1984 decline was due partly to reduced oil revenues *in Middle East countries and to* cheap, competitive labour from third world countries such as China, Pakistan and the Philippines.

The Middle East headed the list of contracting countries last year, accounting for 91.2 per cent of the total, they said.

● China sent 11,200 workers overseas last year to build hotels, office buildings and *housing, as the country's foreign* construction business expanded, the official English-language China Daily reports.

The *China State Construction* Engineering Corporation signed contracts to build 139 projects worth \$820m—\$200m more than in the previous five years since it started foreign contract business, it said.

Agencies.

Fokker wins satellite order

By Laura Raun in Amsterdam

FOKKER, the Dutch aerospace group, has received a Fl 40m (£11m) contract to provide the payload module and other equipment for the European remote-sensing satellite (ERS-1).

The ERS-1 will monitor *oceans, coastal* waters and polar areas to glean environmental and weather information that can be used by offshore, shipping and fishing industries. The satellite, which was commissioned by the European Space Agency and will go into orbit in 1989, will use radar and microwave instruments.

Fokker will have a 5 per cent share in the project as sub-*contractor to* Dornier, the West German aircraft manufacturer which is the prime contractor. The Dutch company will construct, instal and test the payload module, which is the part of the satellite that carries the equipment. A satellite antenna and ground equipment will also be provided.

AMERICAN NEWS

Mexico will repay \$130m bond issue

By Peter Montagnon, Euromarkets Correspondent, in London

MEXICO IS to repay a \$130m, 15-year bond issue brought to the market with a 17½ per cent coupon in March 1982 just before its debt problems became acute.

The repayment was necessary because of problems relating to the *conditions of the issue* which call for the interest rate to be reset every three years, starting in March this year, according to Sr Angel Gurria, Director of Public Credit.

To reset the interest rate it would have been necessary to select a coupon that would have encouraged investors to hold on to the paper, but this might have also brought excessive profits for banks who could finance their holding with a three-year borrowing in the money markets, he said.

The margin earned by banks in this way would have been a *multiple* of the rate of some 1⅛ per cent now being offered to creditor banks for rescheduling \$48.7bn in public sector debt. The new coupon could also have involved setting an undesirably high benchmark for future fixed rate borrowing in the bond markets by *Mexico, he said.*

Mexico therefore decided to exercise its option to redeem the issue and wait until its rescheduling was completed before launching a longer term issue in the bond market

S. European defences 'inferior'

ATHENS – The Warsaw Pact forces lined up against those of Nato members Turkey and Greece are superior in both numbers and quality, a senior U.S. official said in an interview published in Athens yesterday.

Mr Richard Burt, Assistant Secretary of State European Affairs, told the conservative afternoon newspaper Vradyni that the Warsaw Pact had a total of 34 Soviet, Romanian and Bulgarian divisions, mainly mechanised, lined up against 25 Greek and Turkish divisions.

He said the Warsaw Pact divisions were more mobile than those of Nato and had three times more tanks and 2.5 times more artillery. "The size and capability of the Pact *forces* are a tremendous challenge for Alliance defence planners," he added.

Mr Burt warned that Greek-*American* relations "cannot be a one-way friendship." He said that the U.S. valued its ties with Greece but did not impose its friendship on any country.

Greek-American relations have been strained since Mr Andreas Papandreou, the Socialist Prime Minister, came to power three years ago on an anti-American platform. Although Mr Papandreou has taken no practical steps to loosen Greek ties with Nato and the West, his rhetorical outbursts against the U.S. have angered State Depart*ment officials.*

"To cultivate good relations, there must be a spirit of reciprocity and an estimation of mutual benefits as long-term allies and friends," Mr Burt said. He stressed Greece's strategic importance to Nato, saying "a Warsaw Pact attack against Greek territory would have very bad *consequences for the Alliance.*"

Mr Burt also said that the creation of nuclear-free zones in Europe would weaken Western security and increase the threat of war. Mr Papandreou, who opposed deployment of U.S.-made cruise and Pershing II missiles in Western Europe, hopes eventually to make the Balkan countries a nuclear-free zone.

Mr Papandreou, denying he was anti-American, said in New York yesterday that he wanted the Mediteranean cleared of super power *forces.*

"I do not want American bases. I do not want Soviet bases. I want to be left alone," he said on the CBS *television* programme "Sixty Minutes."

The Greek leader has angered U.S. officials by visiting Libya and freeing a suspected Arab guerrilla. Last summer, Greece signed a long-term \$500m co-operation deal with the Soviet Union to exploit the bauxite mines of Mount Parnassus.

Asked directly if he were anti-American, Mr Papandreou said: "No, quite to the contrary. I am in disagreement with the foreign policy of the Reagan Administration, that is clear. This I am prepared to accept. But that I am anti-American, no."

Mr Papandreou, who became a U.S. citizen while attending and teaching at American universities, also denied he was pro-Soviet.

He defended his refusal, however, to condemn the shooting down of a Korean airliner by a Soviet *fighter after the airliner* strayed over Soviet Far East territory.

"I just cannot come to believe that this could have been an accident," he said. "The point is that if such a plane came into Greece, we would have downed it. And I am sure the United States would have downed it. This is the rule; this is the game."

Mr Papandreou also defended his *support of Poland's military leader,* Gen Wojciech Jaruzelski. "What would have happened, let us be honest and direct, if Jaruzelski was not there," he said. "The Polish Government would be finished for good – any Polish Government – and the Soviet Union would have come in to directly govern the country."

Reuter

● The Soviet Union and the U.S. both carried out more military nuclear tests last year than in 1983, although the Soviet total including peaceful explosions was unchanged, Swedish experts said yesterday, Reuter adds from Stockholm.

*A spokesman for Hagfors Obser*vatory, run by a branch of Sweden's Defence Ministry, said preliminary figures showed there had been 53 *underground* nuclear tests *last* year, including 16 U.S. and 27 Soviet explosions.

Subscriptions to Argentine bank loan reach 94%

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SUBSCRIPTIONS to Argentina's new \$4.2bn (£3.6bn) loan from commercial bank crediors have crept up to about 94 per cent of the total required, an increase of about 2 per cent in the past week.

Bankers say that the pace of the incoming subscriptions has, however, slowed since the International Monetary Fund agreed 10 days ago to release its \$1.7bn credit facility to *President* Raul *Alfonsin's* government.

Leading creditors are battling to draw in subscriptions from smaller banks who have held out against making fresh loans and remain particularly disappointed by the response from Spanish banks *which were expected to* contribute about \$85m.

Senior Argentine officials are expected to visit Spain within the next two weeks to drum up additional support. The reluctance of Spanish banks to join the loan is in keeping with their general caution towards rescheduling exercises, but has come as a disappointment because of Spain's close links with the democratic government in Argentina.

Meanwhile, preparations are under way for Argentina to present a request to the Paris Club next Tuesday for a rescheduling of about \$1.8bn in official debts.

Following its IMF agreement, Argentina is expected to ask its official creditors for an exceptionally long maturity on this rescheduling. It also wants an above-average proportion of the principal and interest owed to be deferred.

Mexican President warns of dangers facing economy

BY RON BUCHANAN IN MEXICO CITY

PRESIDENT Miguel de la Madrid has called on Mexicans to "stay on the alert and renew efforts," to avoid facing a *return to the worst aspects of* the nation's 1982 financial crisis.

In a review of the first two years of his six-year term, the President said in a New Year address that there was still no easy solution to the country's economic and social problems.

"We can't avoid reality, because avoiding reality is just what has caused the problems we are facing now," the President said, in an apparent criticism of the 1976-1982 administration of Sr Jose Lopez Portillo.

President de la Madrid claimed "partial successes," including growth of about 2 per cent in 1984, compared with −5 per cent in 1983.

He said the nation could no longer rely on either oil exports or external financing as a solution to its problems. Instead, top priority would be given to manufactured exports *and tourism. The President* indicated that there would be a further erosion of the nation's traditional protectionism policies.

In a year of important mid-term elections, Sr de la Madrid said he would not tolerate political violence.

The President's remarks were widely interpreted as being addressed to members of the opposition National Action Party as well as at supporters of his own Institutional Revolutionary Party.

Reagan in bid to get across his message

By Reginald Dale, U.S. Editor in Washington

PRESIDENT Ronald Reagan is to hold his first formal news conference in six months tomorrow night to report on the U.S.-Soviet arms talks that began yesterday in Geneva, the White House said.

The nationally televised appearance is seen in Washington as intended both to launch a new drive to sell Mr Reagan's "Star Wars" plan for space-based defence to the American public and to re-establish relations with the Washington press corps at the start of his second term in the White House.

The White House, however, would not comment yesterday on reports that Mrs Nancy Reagan had persuaded the President to start holding at least one formal press conference a month—after a first term in which he held only 27, the lowest of any recent president.

Mr Reagan angered both the White House press corps and his Democratic opponents by virtually suspending formal question-and-answer sessions in the run-up to November's *elections.*

Like many of his predecessors, he has frequently complained that reporters misinterpret his words and distort his views.

In an effort to put that right, the White House is also starting its own news service to distribute Mr Reagan's speeches and announcements "unfiltered" by the media.

It has signed a contract with ITT Dialcom, an electronic mail service, to make the material available to anyone who owns a personal computer for a small fee.

The aim, according to White House officials, is to reach small newspapers and radio stations that do not have their own White House correspondents.

The service will provide verbatim news releases from the White House press office, the *First Lady's office, the Vice-*President's office and the Office of Management and Budget (OMB).

The plan, however, has already aroused considerable scepticism. Mr Jerry Friedheim, director of the American Newspaper Publishers' Association, said *that* similar Government attempts in the past had generally failed

Zaccaro pleads guilty to fraud charges in property deal

BY REGINALD DALE

MR JOHN ZACCARO, the husband of Ms Geraldine Ferraro, last year's unsuccessful Democratic Vice-Presidential candidate, yesterday pleaded guilty to charges of scheming to defraud in connection with a \$15.5m (£13m) loan for a New York property deal.

Following a deal with the Manhattan District Attorney, Justice George Roberts told the court in New York that in exchange for the guilty plea he would not send Mr Zaccaro to prison, provided that he committed no further offence before sentencing on February 20.

Mr Zaccaro was understood to have sought to settle the issue quickly rather than put new strains on his family by contesting the charges in a highly publicised trial.

The indictment was reportedly held back until after the end of November's Presidential Election campaign, during which Ms Ferraro was constantly dogged *by questions about her hus*band's financial dealings and property transactions.

The guilty plea nevertheless constituted a further blow to Ms Ferraro's future political ambitions, coming on top *of* questions that have already arisen about her financial disclosures to Congress as a three-term representative from Queens.

Ms Ferraro, who did not seek re-election to the House to run for the vice-presidency, is no longer a member of Congress. There has been considerable speculation, however, that she may run for the U.S. Senate in 1986 against New York Republican incumbent Senator Alfonse D'Amato.

Although she has made no definite announcement of her future plans, she has not discouraged such speculation.

Mr Zaccaro was yesterday charged with Mr Harold Farrell of Queens with fraudulently seeking to obtain finance for Mr John G. Delorenzo a Manhattan real estate investors for the purchase of five Queens apartment buildings.

The indictment charged that *Mr Zaccaro and Mr Farrell* inflated the value of the buildings to a New Jersey mortgage broker and altered the appraisal *that was sent to Prudential-*Bache Securities.

U.S. Supreme Court to examine interstate banking

BY STEWART FLEMING IN WASHINGTON

THE U.S. Supreme Court has agreed to examine whether or not regional banking pacts which allow banks in neighbouring states to merge are constitutional, even though *Federal Law* generally bans interstate banking.

The Supreme Court's intervention could have a far-reaching effect on the shape of U.S. banking. The U.S. Court of Appeal last August upheld Massachusetts and Connecticut laws to allow mergers among *banks in New England* but excluded acquisitions in the region by big New York city banks.

The Federal Reserve Board had earlier approved the merger of three sets of Massachusetts and Connecticut bank holding companies, a move which led to a *legal challenge to the state* laws.

Citicorp, the giant New York bank, has led to the challenge to the regional banking pacts, arguing that such laws unconstitutionally restrict interstate commerce.

It has maintained that if regional banking agreements are permitted, the U.S. will be feidoms. Already Georgia, turned into regional banking Florida and North and South Carolina have formed a south-east banking region and other groups of states are considering similar moves.

The core of the issue is the determination of smaller banks and the states in which they operate to block the ambitions *of the largest banks* to break-through barriers which limit their operations

By passing state laws to permit local banks to merge, the states foster larger and financially more powerful regional banks.

Sharon 'did not discuss need for revenge'

SECRET PAPERS contain no evidence to show that Mr Ariel Sharon, the former Israeli Defence Minister, discussed the need for revenge with Christian Phalangists who were blamed for the 1982 massacre *of Palestinians in Beirut,* an Israeli ex-chief justice said in material released yesterday. Agencies report from Tel Aviv.

A Justice Ministry statement distributed by the Israeli Government press office said a secret annex and other documents were reviewed by Mr Yitzhak Kahan, the former Supreme Court President who headed an inquiry into the massacre, and by Mr Sharon's lawyer, Mr Dov Weisglass, and Mr Chaim Zadok, an attorney for Time magazine.

The secret documents are expected to play a role in determining the outcome of Mr Sharon's \$50bn (£43.4bn) libel suit against Time magazine.

Time reported that in a conversation with the family of President Amin Gemayel of Lebanon on September 15, 1982, Mr Sharon reportedly discussed the need to avenge the killing of former Lebanse President Bashir Gemayel, who was Amin's brother.

Time said the conversation took place the day before *Israeli-allied Christian Phalange* militiamen carried out the massacre in the Sabra and Chatilla refugee camps, and it said information *on the con*versation was in the secret parts of the report issued by the Kahan Commission.

Mr Sharon, who is Trade and Industry minister in Prime Minister Shimon Peres' Cabinet, left for New York yesterday after a two-week visit to Israel *during the court's Christmas* break.

The Justice Ministry said Mr Kahan replied "no" to the following three questions submitted by the court:

● Do the documents show or hint Mr Sharon held a discussion with the Gemayel family or a member of the Phalangists in which he discussed the need of avenging the murder?

● Do they indicate that Mr *Sharon held a discussion with a* Phalangist in which either mentioned the need for revenge?

● Do they indicate Mr Sharon knew in advance the Phalangists would massacre civilians if they entered the Beirut camps unaccompanied by Israeli forces?

BL sales dip in buoyant vehicle market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, the state-owned motor group, ended a disappointing performance last year by *sinking to its lowest-ever share* of the UK car market in December.

The group's penetration dropped to only 11.84 per cent last month compared with 17.89 per cent for December, 1983.

For the year as a whole, BL's market share fell from 18.18 per cent in 1983 to 17.84 per cent – only marginally above its worst figure of 17.4 per cent in 1982.

Instead of achieving a target of 360,000 registrations, sales fell by 4.17 per cent to 312,054 from 325,656. To complete BL's distress Ford, *with a highly aggressive dealer* incentive campaign, pushed its Fiesta ahead of the Metro which Austin Rover, BL's volume car offshoot, has been promoting as *Britain's best-selling small car.*

Demand for new cars in the UK last year remained at the second highest level on record. According to the Society of Motor Manufacturers and Traders, registrations reached 1,749,650 and were 2.35 per cent below the record total *for* 1983.

Ford retained market leadership – *but with a reduced share* and volume. Ford's penetration slipped from 28.91 per cent to 27.83 per cent while its volume was down from *518,048 cars to 486,971 last year.*

Both Ford and BL seem to have suffered at the hands of General Motors, the Vauxhall-Opel group, which achieved record volume and share totals. GM's share improved from 14.63 per cent to 16.17 per cent and its registrations from 262,141 to 282,835.

To reach these levels GM imported many more cars from its factories in continental Europe. Imported cars accounted for 165,116 of GM's total sales, or 58.38 per cent, last year against 139,027 or 53 per cent in 1983.

Importers' share of the UK market rose from 56.92 per cent to 57.52 per *cent last year, only below the* record 57.7 per cent reached in 1982.

This is bound to cause some concern within the UK Government, as might the fact that the Japanese share of the market went above 11 per cent for the first time to 11.11 per cent.

In the past, under the terms of the "gentlemen's agreement" between the British and Japanese car *industries, the Japanese have held* their penetration below 11 per cent.

UK CAR REGISTRATIONS

	1984	%	1983	%
Total market	1,749,650	100.00	1,791,699	100.00
UK produced	743,180	42.48	771,950	43.08
Imports	1,006,470	57.52	1,019,749	56.92
Ford	486,971	27.83	518,048	28.91
BL – Austin Rover	308,965		322,665	
Range Rover	3,089		2,991	
Total BL	312,054	17.84	325,656	18.18
General Motors– (Vauxhall-Opel)	282,835	16.17	262,141	14.63
Nissan	106,360	6.08	104,684	5.84
Renault	59,779	3.42	62,928	3.51
Volvo	59,072	3.38	61,250	3.42
Peugeot-Talbot	70,519	4.03	79,495	4.44
Fiat Auto	47,563	2.72	46,254	2.58
Volkswagen/Audi	100	5.52	100,727	5.62

Source: Society of Motor Manufacturers and Traders

Andrew Fisher reports on the latest fleet acquisition on the English Channel routes

Euroferries relieves P & O of a headache

FOR MONTHS, it had been one of the main talking points in the UK ferry industry. What would Penin*sular and Oriental Steam Naviga*tion (P & O) do with its loss-making services across the English Channel?

The answer came last Friday. European Ferries announced that it was buying the Anglo-French services of P & O Ferries for £12.5m. The City of London's verdict was a vigorous thumbs-up, although Eu*roferries had not been widely seen* as the solution to the P & O ferry problems.

Sir Jeffrey Sterling, the newly knighted chairman of P & O, was pleased to be rid of an operation that had made large losses. Mr Kenneth Siddle, the chairman of Euroferries, which owns the Townsend Thoresen ferry concern, commented: "Sir Jeffrey has got rid of a headache."

Mr Siddle was unwilling after the signing of the deal to say what Euroferries intentions were for the five P & O ferries – the Lion, Panther, Dragon, Leopard, and Tiger – or the 1,100 shore and sea jobs that went with *them. But Euroferries* is keen to see Townsend Thoresen stay at the top of the cross-Channel market league. From Dover, the main UK cross-Channel port, it already has about 35 per cent of the passenger traffic, 48 per cent of the *cars and 50 per cent of the freight.*

With P & O (which is keeping its North Sea and Scottish island routes), Euroferries has gained another 16 per cent of the Dover passenger business and rather less of the rest. Sealink UK and its European continental partners are number two across the Channel.

The so-called "zoo ships" of P & O, operating from Dover to Boulonge and Portsmouth to Le Havre, are regarded in the industry as too old, too small and too costly to run. It would have cost P & O Ferries between £70m and £100m to replace them. *Sir Jeffrey admitted* that the company had "scoured Europe" to try to find large, modern ships to charter.

Executives of P & O Ferries wanted to develop long-range plans for the fleet. However, Sir Jeffrey, who has tightened up the P & O group's finances considerably in beating off the bid from Trafalgar House, was ultimately not prepared to spend the money.

MAIN SUMMER FERRY SERVICES TO CONTINENTAL EUROPE

	Number of ships	Routes
Townsend Thoresen*	17	Dover to Calais, Zeebrugge Felixstowe to Zeebrugge Portsmouth to Le Havre, Cherbourg
P & O Ferries	5	Dover to Boulogne Portsmouth to Le Havre
Sealink†	25	Dover to Calais, Dunkirk, Ostend Folkestone to Boulogne Harwich to Hook of Holland Newhaven to Dieppe Weymouth to Cherbourg
Hoverspeed	6	Dover to Calais, Boulogne
Sally Line	2	Ramsgate to Dunkirk
Brittany Ferries	4	Portsmouth to St. Malo Plymouth to Roscoff, Santander
Olau Line	3	Sheerness to Vlissingen

** Owned by European Ferries, which has just bought P & O Ferries' services to France.*
† Including Sealink UK's French, Belgian and Dutch partners.

P & O's services to France lost *more than £4m in the first half of* last year. The group has recently taken delivery of a $150m (£130m) cruise ship from Finland and is likely to invest over £40m in a new passenger and freight ferry for the North Sea.

Its partner in the profitable North Sea Ferries company, Nedlloyd of Holland, will do the same. For Sir Jeffrey, it was a matter of priorities, with no immediate hope seen of reversing the channel losses.

Mr Siddle hopes that the deal will not fall foul of the Monopolies and Mergers Commisison. Without a sale to Euroferries' it seems that the Boulogne and Le Havre routes of P & O would probably have been closed.

The purchase from P & O puts Euroferries' Townsend Thoresen further ahead of Sealink on the short-sea routes from Dover. It remains to be seen, however, what Townsend will do with its extra market share. It will probably let *some of it go* by reducing the ex-P&O Ferries fleet. It has made no guarantees on the P & O jobs, so some reductions seem likely. Mr Siddle said: "We believe we can cure the headache and make some money." Euroferries itself plans to order soon new tonnage for the Dover to Calais route.

So, eventually, does Sealink UK, bought by Sea Containers (registered in Bermuda and operating from London) from British Rail last summer for £66m. It operates services with French, Dutch and Bel*gian companies.*

P & O, as well as Euroferries, was barred by the Government from bidding for Sealink last year. "If we had been able to buy Sealink, things might have been different. But what choice were we left with?" Sir Jeffrey said.

Sealink UK, now operating with more commercial attitudes than when it was part of British Rail, has ambitious plans – it is smartening its services to the Channel Islands at a cost of £5m – and for such ports as Newhaven on the south coast *and Harwich on the east coast.*

It could be spending several hundred million pounds in coming years, with new cross-Channel ships, expansion of Newhaven for traffic like car imports, and far-reaching plans to develop Harwich *as a large container port to rival* Felixstowe.

Amid the ambitions of Sealink, Townsend Thoresen, and their smaller rivals like Sally Line, Hoverspeed, and Brittany Ferries, there remain some severe problems on the Channel. The hovercraft operator, like P & O, is squeezed between the two ferry giants. The lat*est disruption over the intentions of* French railways (SNCF), Sealink's partner across the Channel, to make its operations more commercial shows that considerable strains exist within the *grouping.*

Nor at this stage, does anyone know how the cross-Channel market will shape in 1985. The peak passenger months are July and Au*gust; freight remains fairly* constant through the year.

Last years' traffic was affected by the two UK dock strikes.

Company profits advance with 10% rise in third quarter

BY PHILIP STEPHENS

COMPANY profits in Britain rose strongly in the third quarter of 1984. The Central Statistical Office said yesterday that the gross trading profits of industrial and com*mercial companies rose by over 10* per cent in the three months to September to £13.2bn, 18 per cent higher than a year earlier.

The rise partly reflected a bounce-back from an unexpected fall in the second quarter, but *nonetheless underlined the dramat*ic recovery in profits over the past two years.

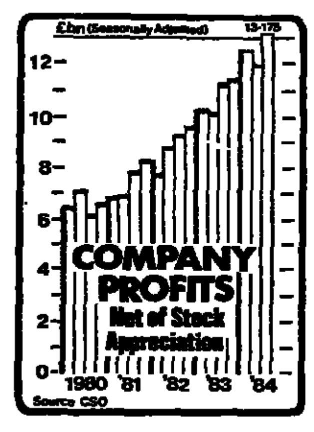
For the first nine months of 1984, *profits were 20 per cent higher than* for the same period a year earlier, with the rise spread fairly evenly between North Sea oil companies and non-oil businesses.

For the *latest three months,* the CSO said that oil company profits rose by 4 per cent to £4.6bn and were 15 per cent up on a year earlier. Profits of other industrial and commercial companies at £8.5bn, increased by 15 per cent to put them nearly 20 per cent higher than in the same 1983 period.

Companies also benefited from a strong rise in non-trading income over the three months to September, which together with the *profits'* growth more than offset higher tax and dividend payments.

As a result undistributed income, or company saving, is estimated to *have increased by 9* per cent, to about £8bn, between the second and third quarters.

The profits figures contrast with the flat trend in real personal disposable *incomes shown* in separate statistics from the CSO yesterday.



Ministers may propose levy on blank tapes

By Raymond Snoddy

GOVERNMENT ministers, it is believed, have accepted in principle the case for a levy on blank audio *and video tapes.*

Such a view is expected to be re*flected in a government Green Pa*per (discussion document) on copyright law reform due to be published within the next few weeks.

This would reverse the stance of the *1981 discussion paper* on the subject, which came down against such a measure.

The aim would be to compensate copyright holders for their loss from unauthorised copying. Recent market research for the British *Phonographic Industry (BPI) sug*gests that more than half the UK population have used blank cassettes to make their own recordings from radio or from records

Coal exports continue despite miners' strike

BY MAURICE SAMUELSON

BRITAIN's coal exports in this financial year are expected to exceed 75 per cent of last year's level, even though the miners' strike has *meant that hardly any coal has left* the country.

The National Coal Board (NCB) has achieved this by supplying many overseas customers with coal *from the stockpiles on the Euro*pean continent held by the Central Electricity Generating Board (CEGB), its biggest domestic customer.

By the end of this financial year in April, the NCB is expected to have supplied foreign customers with 5.05m tonnes, much of it lifted from CEGB stocks in Rotterdam.

The NCB *has already removed* 3¼m tonnes of coal from the CEGB's Rotterdam stocks and expects to "export" the remaining 1.8m tonnes this financial year.

Before the strike, the CEGB had been transferring about 750,000 tonnes of coal a year from the European continent to power stations on *the river Thames.*

However, it has imported none during the strike, in case unions sympathetic to the National Union of Mineworkers refused to handle it.

The strike has enabled the NCB to supply power stations in the English Midlands with coal which, in other circumstances, the CEGB *would probably have refused to* burn.

In the Midlands alone, the NCB has cleared more than 5m tonnes from stockpiles up to six years' old. *However, except for some stocks in* the South Midlands, these stocks are almost exhausted and power stations are being supplied mainly with newly mined coal.

TECHNOLOGY

EDITED BY ALAN CANE

KNOWLEDGE BASED SOFTWARE SHOULD COME INTO ITS OWN THIS YEAR

Expert systems for amateurs

BY IAN HUGO

EXPERT SYSTEMS are still generally regarded with suspicion in the commercial world, as just so much technology "hype." All that could be changed in 1985.

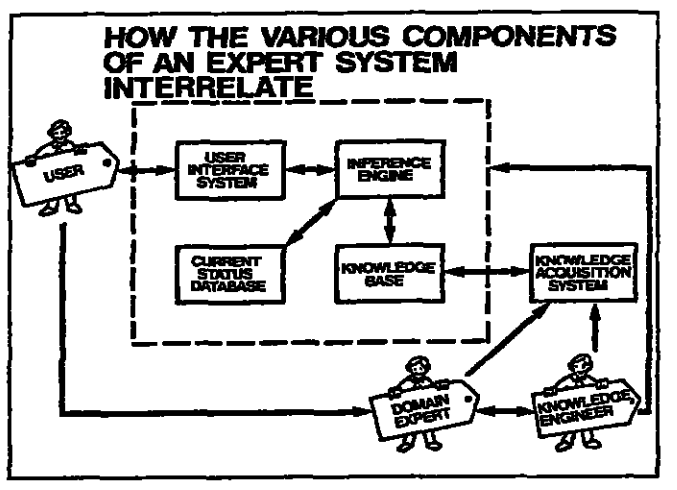
So far, the few directly useful expert systems that have been developed (and there have been very few) have been directed at medical diagnosis, geological prospecting, computer systems *configuration and the like*. General commercial applications have now begun to make their appearance and this year should see many more.

Two reasons for expecting this, apart from hints from some software suppliers, are the increasing importance of "user friendliness" in producing the extra users that the computer industry needs to keep on growing and the fact that IBM has been taking a strong interest in this new technology.

The technology now allows expert systems to be built for a number of applications in finance and general business administration, for which the *potential number of users is* very large. Paradoxically, the initial tasks tackled will be relatively simple.

Horace Mitchell, of the British expert systems company Business Information Techniques, speaking at a recent Xephon seminar, suggested that the kind of commercial task that could be tackled by expert systems now was the sort that could be run on a personal computer. With sales of personal computers increasing rapidly year by year, that is indeed *a fortunate* circumstance. Systems that provide support for decisions affected by government legislation (tax advice, grants advice, personnel selection) are a primary target.

HOW THE VARIOUS COMPONENTS OF AN EXPERT SYSTEM INTERRELATE



The paradox results from misconceptions about expert systems that explain the suspicion with which this technology has been regarded. Partly because work on expert systems has been centred in such advanced research establishments as MIT, Stanford and Carnegie-Mellon universities, and partly because of associations with artificial intelligence, there have been some rather wild suggestions of computer systems replacing experts. This has been coupled with considerable scepticism about when, if ever, practical systems would be delivered. The hype *was perhaps in context in 1984.*

This kind of science fiction has helped to hide an important fact about expert systems, which is that they change the way in which computer programs are developed. Effectively, the change is away from writing program instructions to building a program and towards describing the data that a program will use and the legiti*mate associations between the* data; the program instructions, which are still necessary, can then be inferred from the description of the data. This puts the building of programs more directly in the hands of the people who have the knowledge of the problem being programmed, that is, the experts.

For the moment, this approach to building programmes is commercially practical for only relatively simple tasks. That should not be allowed to obscure, however, the very real *advantages of the expert systems* approach, as Harry Reinstein (of U.S. company Aion) was at pains to point out at the same Xephon seminar.

Nearly all mature computer installations are struggling today with the burden of maintaining the programmes that they have developed in the past. The growing thousands of personal computer users in large companies could add enormously to this problem. Programmes developed using expert systems technology enable the users not only to create them but also to maintain them themselves. That could well be, in the short term, the most significant fact about expert systems.

SOPHISTICATED 'BOLT-ON GOODIES' FOR OFFICE MICROS

Adding mail and telex to the humble P.C.

THE PROFESSIONAL personal *computer became the de facto* executive workstation because of the way computing services companies were able to graft office functions onto what is *basically a data processing* machine.

First there were word processing packages of varying degrees of sophistication; now there are packages to handle telex and electronic mail.

The best of these latter machine make it possible for the humble personal computer to behave virtually as if it was a dedicated telex terminal or electronic mail terminal.

The secret is background processing, a clever software technique which enables the microcomputer to continue with *one dedicated task while key*board and screen are occupied with another.

Braid Systems of Buckingham Palace Road, London, has been *building a powerful reputation* for these very sophisticated telex and mail systems—its Telex Manager package, for example, has been installed in over 400 UK installations and the product is distributed by the Computerland and First Computer groups.

According to Mr Greg Meekings, Braid sales director, the special virtues in its Telex Manager lie in its use by telex operators as well as computer specialists and word-processor trained secretaries.

It includes a user interface program *dedicated* to telex functions, provides for incoming telexes to be stored on disk and maintains a telex directory.

Recently Braid launched its "*Mail Manager," an electronic* mail package for PCs in which it has tried to duplicate sophistication it built into its telex program.

This new package can be used for sending mail between micros in a private network or through any of the public electronic mail services such as Easylink, One-to-one and Telecom Gold.

Its features include automatic collection and delivery of mail, full error recovery, comprehensive status logging and automatic mail printing. All of these, *Braid* points out, are carried out in background mode while the computer is being used for other business applications.

The computer handles the *modem, telephone dialling,* service log-on, dialogue, collection and delivery of mail without human intervention.

Last week Braid announced its first oem order for Mail Manager; Encotel will market Mail Manager on the FX20 and FX30 range of microcomputers made by Future Computers.

Mr Keith Beverton, Encotel sales and marketing director said: "Mail Manager is a superb product, certainly the best electronic mail system currently available."

Choosing the medium for moving images

Video & Film

BY JOHN CHITTOCK

Many people are confused by the two media and fail to appreciate the principles which should govern the choice of medium.

IT IS UNLIKELY that any creative activity has undergone such fundamental change in its processes of creation as motion picture production. Musicians may resort to audio recorders, writers to word processors and painters to acrylic "oils," but the methods of shaping ideas and giving them reality remain largely unchanged.

For the motion picture business, based entirely on film, the arrival of television brought a radical change to the ways in which images are managed—*creatively as well as technically.* The most important of these changes came in the construction and subsequent editing of sequences—television demanded the "real time" assembly of events as they happened in front of a number of cameras, switched by the producer. Film, with its single camera, non-sequential method of shooting, relied entirely on the malleability of film in the cutting room later — something unnatural to the videotape editor.

These *differences* created an emotional division between film-makers and video producers. It became the big film versus video argument; a *debate* that raged throughout the industry. Happily, the two sides have now moved closer together, as have the methods of production; but a few embers remain for those with inflammatory intentions.

The more sensible view which now prevails is that film and video both have their place. The only problem is that still too many people are confused by the two media and fail to appreciate the principles which should govern the choice of one or the other.

The primary decision before any other must always be how the movie is going to be distributed. If there is any need to screen it to assembled audiences, film projection is essential. Video projectors are capable of satisfactory results, but unless very expensive equipment is used (viz. the Eidophor), video projection is unsuitable for audiences much in excess of 100 people. Perfectionists still prefer film projection anyway because of its crisper images and greater tonal range.

If distribution or exhibition is intended solely via television screens—eg by broadcast TV *or videocassette replay* — the obvious choice is videotape. Nowadays film prints are invariably transferred to videotape before transmission and the same is necessary for videocassette distribution.

Such principles would seem to make decisions regarding the two media straightforward. But whereas origination on film may be necessary *if cinema distribu*tion is required, the converse is not necessarily true about *origination* on videotape where television or cassette is the distribution medium. Indeed, over 90 per cent of TV commercials are originated on film. *To confuse matters even more,* tape-to-film transfer processes are available so that video originals can be turned into film prints—but the results are a second best to using film in the first place.

It is generally true that the origination medium most suited to the distribution medium is the same—eg films displayed via television or video will not *yield such perfect technical* results as videotape. So why do TV commercial producers prefer film?

Emotional conditioning apart, *film reproduces its images with* a quality aided by tonal corruption—due to the characteristics of silver halides, but enhanced by the mobility and flexibility of film cameras. The result, on the screen, is liable to have a subtle veneer of unreality — whereas videotape tends to yield a harsh feeling of actuality. Thus film can have a creative edge.

Some television cameras are now available which are designed to behave more like film cameras — ergonomically *and in their characteristics of* image reproduction. An example of this is the Panacam, which comes from the famous Panavision stable— the 35mm film camera used in more feature films than any other make.

Cameras such as the Panacam may cause the end result to look more like film when seen on television, but there *are still plenty of other factors* that may govern the choice of media.

Video shooting, although it can be faster when multi-camera set-ups are *employed*, ties up more equipment of high capital cost and demands greater preparation and rehearsal. In consequence, the belief that video is cheaper and faster than *film is often erroneous and sub*ject to many qualifications. On location, especially in hostile or precarious environments, video equipment is also less easy to *handle physically.*

At the editing stage, video allows less scope in manipulating the structure of sequences. Potentially the scope is there, but in practice *it is slower to* assess the results of editing changes; and the high hourly cost of video editing suites puts great pressure on the editor, whereas the film editor can indulge in weeks of deliberation over his assembly of shots.

The client can, however, walk out of a video editing suite with the finished copy under his arm; with film, a week at least will pass before the earliest print is available.

The choice between video and film is thus an extraordinary exercise in weighing up the requirements peculiar to each situation. Additional factors, such as the availability of better special effects on video—or the *ability of film to cope with diffi*cult lighting situations—all may contribute to the well-reasoned decision.

Fortunately, the two sides of the industry *have* now closed the emotional gap and even a mix of both technologies is common where the circumstances justify it. None the less, the younger *medium can still pro*duce its die-hards—such as a previous chairman of the Royal Television Society who dismissed film as "moving pictures with vertical scratches on the screen." Which of course aroused the emotions of a film loyalist, who retorted "better than fuzzy pictures with horizontal lines."

Computers

Advance of the micros

THERE ARE 696 different *kinds of computer hardware* on offer in the UK as well as over 4,000 kinds of general business software and some 2,000 computer dealers: "many of whom are unscrupulous, dishonest, technically ignorant or unstable."

So says a new pocket guide to microcomputer purchase being given away with the January issue of the magazine Which Computer? in the interests of guiding its readers through the computing marketplace jungle. Consultants may be suspect, it warns, pointing out that of the 2,000 or so in the UK only 100 are free of financial ties with the hardware and software companies they promote.

Write to Which Computer? at 30-32 Farringdon Lane, EC1R 3AU for all that good advice without having to buy the magazine.

Treatment

Power blasting

A SUCTION shotblast cabinet can be easily converted to pressure blasting using a new version of "MinIblast" from Power Blast of Camberley.

Output is said to be increased three to four times by use of the device without *an increase in power require*ment. Miniblast can be fixed under the shot blasting cabinet and operated using a pedal which operates a servo control valve on the main air inlet. Reloading is automatic through a self-operating mushroom valve at the top of the machine.

More on 0276 28888.

APPOINTMENTS

New chief at Gallaher Tobacco

Mr A. D. Housham has been appointed deputy chairman and chief executive of GALLAHER TOBACCO. Joining Gallaher in 1974, Mr Housham has held various chief executive appointments within the Gallaher Group and is also a director of the Gallaher Group and Gallaher Tobacco.

★

NATIONAL SEMICONDUCTOR DATACHECKER/DTS has appointed **Mr Gordon Ambidge** to the newly-created position of managing director: European operations. He has been managing director of the UK operation since 1981.

★

The SCOTTISH INVESTMENT TRUST has appointed **Mr J. B. Michael Dick** as investment secretary.

★

Sir Ewen Broadbent has been appointed to the board of INTERNATIONAL MILITARY SERVICES as a non-executive director. He was second permanent under secretary at the Ministry of Defence until his retirement last September.

★

Mr Ian Jones has been appointed managing director of FABERGE UK. He has been acting managing director since June 1984 and previously held senior management positions with Faberge in Europe as deputy managing director of Faberge France and as director of finance, Europe.

★

Mr Charles Price has been appointed a director of N. M. ROTHSCHILD & SONS.

★

Mr Paul Hunt is to be managing director of DERWENT PUBLICATIONS, a subsidiary of International Thomson Organisation, from January 7.

★

Mr Roger Payton has been appointed a non-executive director of GREAT PORTLAND ESTATES.

★

Dr John G. White who was appointed to the BBA GROUP board in October 1984 and became group managing director on January 1 will, in addition, become chairman of the following group companies:—Mintex; Scandura Inc.; Scandura Limited; and Textar GMBH.

★

Mr Anthony Banks has become managing director of ARC CONCRETE to succeed Mr Peter Reeves who retires at the end of February. Mr Banks joined the company last October from T-Glass Fibres and for the previous six years (1977-1983) was group chief executive of Turnall Holdings (Pvt), Zimbabwe subsidiary of Turner and Newall.

★

Mr Jim Findlay, managing director of PRUDENTIAL PORTFOLIO MANAGERS—investment management arm of Prudential Corporation—has taken control of all international investments for PPM. He retains his existing responsibility for PPM's corporate finance activities. The change follows the departure of Mr John Sherriff as PPM's director of international securities, for personal reasons.

★

CLARK WHITEHILL has admitted **Ms Andrea Grimshaw, Mr Derek Haynes** and **Mr Clive Malcolm** into the partnership in the London office.

★

Mr Peter Simonis has been appointed chairman of GIBRALTAR SHIPREPAIR. He is also chairman of Haden, and a director of The Morgan Crucible Co.

★

Mr Tom Barton has been appointed a director of MOWLEM (BUILDING). He has been with the Mowlem construction group for 10 years.

CONTRACTS

£9m batch for Rush & Tompkins

RUSH & TOMPKINS has secured six building contracts worth more than £9m. The largest, valued at £3m, is with the Property Services Agency for the provision of facilities at Dale Army Camp in Chester. The contract comprises warrant officers' and sergeants' mess block, transport and stores buildings, a sports pavilion and an 18 component obstacle course. The Preston office has started work on site and expects to complete in 80 weeks.

The Salisbury office has started a £2m contract to convert the former Dingles department store in Bournemouth into the UK's first "home and lifestyle" centre for joint developers Glengate Properties and Southern Developments. To be known as the Quadrant Centre, the three-storey complex will provide 55,000 sq ft net retail space in addition to a ground floor restaurant and a first floor cafe. Completion is scheduled for October 1985.

In the centre of Salisbury Rush & Tompkins has started a £1.5m four-level car park at Rolfe's Chequer for Salisbury District Council. The brick clad reinforced concrete frame structure will provide approximately 560 spaces when it is completed in June this year.

In Middlesbrough, the Stockton office has started a £1.15m food preparation and distribution centre for meat pie manufacturer H. Newbould. The 24,000 sq ft metal clad steel frame structure has extensive refrigeration installation and incorporates 5,000 sq ft office accommodation. Construction is expected to take 34 weeks.

A 25,000 sq ft Fine Fare supermarket is underway at Louth in Lincolnshire. Rush & Tompkins' Nottingham office started demolition of existing buildings at the Eastgate site late last year, and the £1m single storey reinforced concrete frame shell together with a 200 space car park is expected to be completed by August.

In London, R&T's Sidcup office has started a £1m design and build contract with Lambeth Borough for 24 factory units at Milkwood Road. The steel portal frame buildings will provide a total floor area 30,700 sq ft when completed in June.

★

£8.5m Dewsbury hospital work

TAYLOR WOODROW CONSTRUCTION (NORTHERN) has won an £8.5m share of a £14m contract to build an extension to Staincliffe District General Hospital, Dewsbury. Taylor Woodrow will be working in joint venture with the Co-operative Wholesale Society and William Steward & Co on the contract, awarded by the Yorkshire Regional Health Authority. Work is due for completion in July, 1988. Work comprises four nucleus-designed or cruciform templates and a service centre of mainly three storeys, with extensive plant rooms in the roof space. Buildings will be reinforced concrete structures on column bases and ground beams. External work includes roads, drainage and other services.

★

A contract worth more than £800,000 for the supply, glazing and installation of aluminium windows for a new building for Commercial Union Properties (UK), in Swindon, has been awarded to **CRITTALL WINDOWS**. To be finished in a polyester powder coating of cobalt blue, the windows will mostly comprise Crittall's Luminair Window Grid—the thermally broken system designed by the company to meet the need for large window composite or symmetric grid constructions. The contract is part of phase 3 of the project.

★

Sussex County Building Society has signed a contract for a computer system with **BURROUGHS MACHINES**. The order, worth over £500,000 is for a B3955 mainframe computer system with B25 micro-computers, LINC (Burroughs system generator) and a building society "blueprint" — a working system which lends itself to modification to suit individual society needs.

★

A £430,000 contract has been awarded to **BALFOUR BEATTY CONSTRUCTION** by the English Estates at Gateshead for the erection of four blocks of factory units split to form seven individual factories at Leechmere Industrial Estate, Sunderland. Work consists of structural steel portal frames with reinforced concrete foundations and floor slabs. The external walls comprise brickwork and blockwork dado walls with insulated steel cladding above and on the roof. A second contract valued at £591,000 is for the erection of two single storey factories, with a total floor area of 3,312 sq metres on the Crowther Industrial Estate, Washington for the Washington Development Corporation. Work includes structural steel frames, concrete flooring, "speed deck" roof cladding and profiled wall cladding. The third contract is for the construction of a 350 sq metres building around existing premises at Yarm, Cleveland to form a doctors' group practice surgery and clinic. The 20 week contract, valued at £140,500 also includes car parking, access and external works.

THE ARTS

Stubbs's Cheetah and Stag with two Indians

Review of 1984/William Packer

The year of Venice and Stubbs

The Christmas interval is the time I put my work in some sort of order, knock out an index and file it all away. It is a brief seasonal therapy that tends easily to retrospection, though not of any exhaustive or definitive kind; for my index can carry only those things I both saw and wrote about in a year in which I saw so much else worth noticing, but could not or would not write it up, for whatever reason.

So what of the Old Year? On the whole it was not too bad at all, parts of it indeed excellent—as the curate with his egg, so with 1984, one's satisfaction or displeasure depending rather upon just where precisely one should choose to pick at it.

My first piece, last January, was on the Royal Academy's extraordinary winter show, The Genius of Venice, then halfway through its run, stuffed full of Titian and Veronese, Bassano and Tintoretto, an exhibition so splendid and comprehensive as to be, at least by reasonable expectation, as improbable as it was unrepeatable. Such a thing had almost no right to happen, or so we had been led to think, for all such capital works are surely too fragile to be moved, too valuable to insure, altogether too rare and precious to lend or put at risk in any way. And yet this same year, that began with Venice, has ended quite as spectacularly, with Stubbs and Matisse lately closed (at the Tate and Hayward respectively), and Chagall about to open at the Academy, and Renoir at the Hayward. In between there have been such other treats as the Dutch genre Masters, Vermeer, Terborch, de Hooch and all, the Orientalists, and the Thyssen Modern Collection (all at the Academy), the Pre-Raphaelites (at the Tate), and The Capricious View, Degas in Focus and the Danish Golden Age (all at the National Gallery).

What with the V. and A. (Rococo), the Imperial War Museum, the National Portrait Gallery, the British Museum (Master Drawings, German Prints), the British Library and the Barbican (Tissot) as well, each with its programme of special exhibitions, London is hardly badly off for institutional fare, which though we may deprecate its quality from time to time and our masters put all sorts of difficulties in the way of its preparation, still bears comparison with the best of what New York or Paris can offer. That we now need sponsors to come forward almost every time with the necessary needs no saying, but we should not forget our benefactors even so, nor take them the least bit for granted—(so a big hand, please, for Sea Containers, Venice Simplon-Orient-Express, American Express, United Technologies, Peter Stuyvesant, Carlsberg, Pearson, Mobil and for granted — so a big hand, whom. . . .

I did not get to New York in the year, but went twice to Paris, for Bonnard (at the Pompidou) in the spring, whose stature as one of the greatest and purest of modern painters grows with every viewing; and in the autumn for Watteau (Grand Palais), the most exquisite yet elusive of the old masters. In Paris too were Kandinsky, Bouguereau (wonderfully odd), a Marvellous Degas show (still on) at the admirable Centre Culturel du Marais, and the Douanier Rousseau (Grand Palais). Such were some of the treats to be had in Paris in 1984.

All so far has been to do with Old and Established Modern Masters, which is no bad thing for a critic more usually preoccupied with immediate and current production; and it so happens that almost all of it, has been either painting or drawing—for which I make no apology. Pace the cavalier and his Lucasta, I love sculpture none the less for loving painting more, and to move from Titian to Bonnard by way of Watteau, Vermeer and Stubbs is hardly to look for further argument or persuasion.

The Stubbs in particular was a revelation, at once demonstration and celebration of a master of whom, whether by national temperament and taste or circumstance and mistake, we have made far too little for far too long. Sir Thomas Browne put it well: "I can looke a whole day with delight upon a handsome picture, though it be but of an Horse." Quite so; Stubbs of course will remain but a horse painter, though rather a good one, to all those who can see no farther than a painting's apparent subject: to the rest of us, he now stands as one of the great men of the Enlightenment, with a real claim to being the greatest English painter of his century — and I would put him second only to Turner overall.

About contemporary work, to which I come at last, there is less to say, simply because we are yet too close to see much more of the wood than the trees. Individual artists declare themselves or at least make the attempt, which was ever the case; and here it is true that sculptors have been prominent. The Caro retrospective at the Serpentine was a major event, and King, Kenny, Long and Flanagan are only a few of the more established to have shown important work. And yet again there is a much-vaunted school of New British School doing very well, thank you, here and abroad—Deacon (with Long a finalist for the Tate's Turner Prize, which is more welcome than its reception indicated), Gormley, Woodrow, Cragg, Kapoor, Houshiary, Wilding, Blacker, are a few of the names to follow.

But again for me it was the painting that proved more interesting, though in an even more general and unspecific way. Crowley, Farthing, McKenna, Thérèse Oulton and Steven Campbell are among those who distinguished themselves and all, surprise, surprise, are figurative painters, investing their canvasses, that is to say, with images that bear some reference at least to the external world. Everywhere we look we may see the same kind of thing—the new expressionism, pittora colta, classical and mythical allusion, scribbling and graffiti. The Venice Biennale was again full of it, as how could it not be after all these years of talk of the revival of representation. As one who was never aware that figurative painting had gone away, and has indeed been writing about it, one way and another, for some 15 years, I rejoice at its resurrection from the grave, and keep my secret to myself.

In fact I am not alone, for several shows in the year made the same point, and most welcome and useful they were. ROSC in Dublin set current orthodoxy against the avant garde preoccupations of these past 20 years: Genesis, at Edinburgh's new National allery of Modern Art, showed how the roots of the visual imagination have fed upon a common experience of the natural world, and so brought those old schismatics of modernism, abstraction and figuration, comfortably together for once: The Forgotten Fifties, touring from Sheffield, showed how good those artists were in that neglected decade and so many still are—Coker, Middleditch, Herman, Greaves, Koenig, Lee: and at the Tate, The Hard-Won Image brought us through the 25 years since then, when figuration was dead, and painters like Bacon, Freud, Andrews, Uglow, Coldstream, Auerbach and Kossoff, among so many more, have been in their prime. Kossoff had a long wall to himself and was for me, the star of the show. With his West End show a little earlier, he is my star of the year.

I had meant to grouse over the bad bits of the egg—Peter Pitt's fatuous and myopic plan to take over the Hayward for the GLC; the Chatsworth Drawings fiasco; the wedge being driven by Government between fine art and design education, which can only hurt both; the grievous lack of public funds; our general philistinism—but space runs out. I shall end instead on a more positive note. Sir Hugh Casson is now PPRA and he deserves all our thanks and best wishes in a long and active retirement. His predecessor as President, Sir Thomas Monnington had managed to turn the grand old Academy ship around, itself an enormous achievement, but it fell to Sir Hugh to head it out in the mainstream of our cultural life, no matter that the water was decidedly choppy, and not only the boilers leaked. Well; those boilers have indeed been mended, and a considerable head of steam built up. Roger de Grey, the new president, is a most worthy successor, and we Hugh to head it cut into the the Academy on into the 'nineties, full steam ahead.

'Fool for Love' transfers

The National Theatre's production of Sam Shepard's Fool For Love, with Julie Walters and Ian Charleson in the central roles, and directed by Peter Gill, is transferring to the West End, opening at the Lyric Theatre, Shaftesbury Avenue, on February 4 for an eight-week season.

In the cast at the Lyric with Julie Walters and Ian Charleson—as at the Cottesloe—are David Troughton, and Tom Watson.

The play's last performance at the Cottesloe will be on Thursday, January 31, and the performances originally scheduled there on March 8 and 9 replaced by David Mamet's Glengarry Glen Ross.

Gertrude Stein and a Companion/Bush

Michael Coveney

Picasso once told Gertrude Stein that Braque and James Joyce were the incomprehensibles whom anybody could understand. The same shroud of studied simplicity surrounds Stein herself with that looming, deceptively fascinating shade of Alice B Toklas peeping out from the wings. Alice was only happy, we understand, when seated with the wives of geniuses, or with the wives of near geniuses, or with the near wives of geniuses, or looking at hats. How to make Alice interesting, when palpably she was not? Or was not, palpably. Or was. Palpably. Not.

At least Win Wells's chamber play avoids that sort of obvious parody and, against all odds, all again, how odd, it proposes that Alice, or rather Natasha Morgan as the lesser known partner of the famous Jewish lesbian double act—a sort of inter-War Parisian Gilbert and George I sometimes feel, feel sometimes, time some feels some. Time. Feels. Time weighs and wastes—and yet Ms Morgan grows and cries and fills her eyes with funny tears. She dies in 1967, 20 years after Stein and "Basket" and the broken car called "Auntie" which you will only know if you know what they know she knows you know.

Enough of that and now of this. Of this and that. A man sits playing quietly on the sax, bassoon and clarinet, though not on all three instruments at the same time, oh no, he sits and when not playing shuts his eyes, wisely perhaps or is he just relaxing on the chair. He wrote the music, too. His name is Peter Jarvis. There is no more to say for he is a musician.

A writer, that is different, a writer needs praise not criticism, or so Win Wells's Gertrude says although in fact that is more like what Noël Coward said. What Gertrude Stein once told Alice Toklas, who wrote it down in her autobiography without moving her arm, was that no artist needs criticism, he only needs appreciation. Which is and was and is much finer. This came shortly after Gertrude Stein told Hemingway that remarks are not literature. Which they are not. No more than are reviews.

Brown curtains, "pussy dear" and cancer of the bowels are not what you expect at plays by Gertrude Stein and thank God this is not a play, however short, by Gertrude Stein. Miriam Margolyes could not look more like Gertrude if she tried, and try she does not which is good. The denizens of rue de Fleurus fading fast are fading fast before the flowers of friendship faded fast, the title of which poem is surely worth repeating not the poem.

There is too much of coded information on the subject of the Plain Editions and the quick success of that biography, a brilliant book and one whose tantalising questions are left unanswered, answers none, unopened letters. Save for that precious moment, precious moment, not in the book but in a New York hotel bedroom with some melon steeped in honey dew, a private precious moment with some room service. Alone at last and after 30 years. But who did what to whom and how. We never know.

They loved each other only, only that and possibly too much in Alice's case, for she talks it turns out more like Gertrude Stein than Gertrude Stein and thought that Ernest Hemingway might jump into the fat scribe's bed. The walrus and the carpenter exclaims Ms Margolyes, "a tremendous idea." It did not seem like that to tall but tart and constant bending Alice. I gather Peter Sellers loved her. But thereby hangs another tail. Not Basket's, that's for sure. Last month in this salon I met Jean-Jaques Rousseau. And now I come upon Gertrude Stein and Alice B. Toklas. I wonder who will be next. It might be worth staying home for a few weeks.

Die Zauberflöte/Covent Garden

David Murray

Much re-cast (even since the published cast-list), August Everding's production of Mozart's Zauberflöte has returned with Richard Hickox making his Royal Opera debut as conductor. The visible effect remains what it was, granted small alterations of detail: elaborately ambitious, but innocent of any specific ambition. There is a great array of backdrops and scrims which give small shrift to the "Egyptian" element of the tale; Sarastro's crypto-Freemasonry is presented as a conclave of philosophes, but the other principals are dressed in conventional Never-Never Land style, and the Three Boys get new garb for every entrance, passing from Rococo to sailor-suits to Lederhosen — thus matching the progress of the production itself from cosy tradition to slightly desperate Kitsch.

It makes a moderately diverting spectacle, vividly lit by the producer and Bill McGee, and sharply outlined by what looks to have been unusually thorough rehearsal. At the first performance on Saturday the musical side was less exactly focused; the virtues of Hickox's careful balancing and sound tempi will appear more strongly when tighter ensemble with the cast is established. The broadened espressivo of the introduction to the Overture wasn't echoed in anything later; the up-tempo priestly chorus that began Act 2 wanted solider singing. In fact mustic generally, Hickox showed a nice sense for keeping excited bustle below the level of risky scramble. All the same, the second act sounded musically episodic.

Among the soloists, none of them less than creditable, Robert Lloyd's Sarastro and Jonathan Summers dominate. Lloyd's imposing authority is enhanced by his height and his ripe German, and Summers (in excellent voice) finds in Papageno one of his most sympathetic roles — no bumptiousness, no self-conscious strain, but extrovert enough to make something engaging of his insistence on being a modest, unelevated sort of chap. One feels that Summers is for once making happy use of his natural persona. Meryl Drower's chirpy Hausfrau Papagena was slightly below her bright best; David Wilson-Johnson's sober Speaker didn't try to steal Sarastro's thunder. Robert Tear lends characteristic intelligence to Monostatos.

In one way and another, the main newcomers sound professionally thorough in parts which don't altogether suit them. Gösta Winbergh finds no character for Prince Tamino, though he looks the standard fair Teutonic hero, and his energetic delivery misses—in this house, at least—the ideal serene legato. His Pamina is Angela Maria Blasi, attractive, affecting and musicianly but of a vocal timbre destined for other roles, not quite easy or transparent enough at the top: a singer to note, nonetheless. Lucinana Serra's fine, imperious Queen of Night manages the coloratura prettily (and with fair accuracy), without much dramatic bite in the voice—lyrical and flirtatious roles show her off better. There is a voraciously keen trio of Ladies; the new Boys keep their cool through all their costume-changes, but blend less mellifluously than some others have done.

Harvey and the Wallbangers/Bloomsbury

Antony Thorncroft

ONE OF the happiest of recent developments has been the emergence of cabaret acts who offer a spiced musical evening. Currently in London there is the excellent Fascinating Aida, at the Donmar Warehouse, providing a feminine view of modern life which is both jaundiced and jolly. At the Bloomsbury, Harvey and the Wallbangers are in residence until January 19.

Originally this Cambridge-spawned group concentrated on a cappella close harmonies but with the Flying Pickets capturin gthis ground Harvey and the lads, now six strong, have extended their talents to encompass a wide range of instruments and humour.

The result is an entertaining if chaotic show. One moment they are lined up, looking serious, for an unaccompanied "Go down Moses"; the next, blowing their hearts out over "Jailhouse Rock." The jokes are mainly concentrated on the personalities of the performers, Richard Allen offering lugubrious introductions and deadpan magic; Chris Purves exciting the girls in the front row, screaming out Jay Hawkins' "I put a spell on you" while cuddling a skull; Harvey Brough half-controlling it all

The contrasts within the band are its main appeal, and have already attracted a fervent following. I found the changes in mood unsettling. The voices are not quite up to a cappella singing but the other material, which ranges around "doowap" songs like "Breakaway" to novelty numbers like "There ain't nobody here but us chickens" is fun.

The Wallbangers were entertaining at the Bloomsbury; in intimate, on-licence, surroundings they could be a small sensation.

Eugeny Raikov/Warwick Sq

Richard Fairman

Few artists could complain of this setting for a recital. The music room at 33 Warwick Square, home of the Warwick Arts Trust, is a venue of peerless elegance. But for these two visitors—Evgeny Raikov and Nina Aroushanova from the USSR—it barely had the space to allow such passionate and noisy Russian temperament its head.

Raikov is a tenor with the Bolshoi company in Moscow, a big and burly figure with a voice to match. The best item on his programme was Herman's taxing aria from Chaikovsky's Queen of Spades. Here the roughness and power of the voice were appropriate. The lower register was strong; the top notes were packed with tension. All this, together with his intense projection of the character, would no doubt be effective in the vast spaces of the Bolshoi.

Under closer scrutiny his singing often sounded clumsy. Several generations of Russian tenors have prided themselves on their finesse in singing Lensky's music from Chaikovsky's Eugene Onegin. Raikov, like his contemporary Atlantov, is not such an artist. In the duel scene aria he began with a lunge and ended with a badly-supported, husky pianissimo. Everything in between was loud and heavy. Songs by Chaikovsky and Grieg also lacked sensitvity. The voice is not really made for them.

In the latter half of the programme his accompanist, Nina Aroushanova, was soloist in her own right. Russian romanticism was rampant here too, even Bach and Haydn being absorbed into the tradition. A Bach-Marcello concerto arrangement brought massive sonorities; the last movement of the Haydn major sonato was attacked with boisterous ferocity. In music by Skryabin and Khachaturyan her virtousity was vividly exploited.

Aladdin/Sheffield

B. A. Young

The Crucible's Aladdin seems designed exclusively for children, and the children loved it. They were given generous oportunities to shout, and they shouted like demons. Then they joined keenly in the singing with gestures in which they were led by Wishee Washee, or Mike Newman, once a Butlin's Redcoat.

Tony Bartlett's costumes are wonderfully colourful; the Genie of the Ring, with Susan Holland inside, was a splendid confection of silver lace. But now I've praised the children and the costumes, I can't say much more on the credit side. The book is one of those John Morley production-line jobs that flood the pantomime business these days. It has little wit and only the usual run of routine humour. Moreover, neither Mike Newman nor David Ross as Widow Twankey was very funny; Mr Newman was reduced to the state of urging the house to laugh more

Martin Duncan, a personable Abanazar, has himself written an Aladdin piece in his time, and indeed for the same director, Clare Venables (assisted here by Euan Smith). I am glad to join Michael Coveney in his campaign for better pantomime scripts. There are plenty of writers who would be overjoyed to add some novelty to the well-known situations.

Tracie Bennett's Aladdin was bright and cheeky, but was unkindly rewarded with a Princess (Caroline Clare) half a head taller than she. Two "Chinese" policemen used their truncheons freely on everyone, including each other and once on me. I expected that in such a South Yorkshire ambience they'd have been greeted with anger, but there was no hint of police resentment, or indeed of any other strike reference, from the extremely good-tempered audience.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Jan 4–10

ITALY

Milan, Teatro alla Scala: The Barber of Seville; Carmen, directed by Piero Faggioni conducted by Claudio Abbado with Agnes Baltsa, José Carreras and Ruggero Raimondi (809126).

Naples, Teatro San Carlo: Turandot conducted by Daniel Oren and directed by Alberto Fassini with Ghena Dimitrova, Cecilia Gasdia, Giuseppe Giacomini, Carlo del Bosco (418266).

Bologna, Teatro Communale: Merry Widow (222999).

Trieste: Pelleas et Melisande by Debussy (631948).

Rome, Teatro dell'Opera: The second Traviata of the season in Italy (after the successful Florence production) this time conducted by Peter Maag and directed by Alberto Fassini, sung by the young American soprano, June Anderson with Giuseppe Taddei and Alberto Cupido; "Il Cavallino Gobbo," a ballet in two acts with choreography by Brianzev. The scenery and costumes are by Marina Sakalova and the director Alberto Ventura (461755).

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts the last performance this season of Simon Boccanegra with Sherrill Milnes playing Verdi's powerful doge in a week that also includes Ariadne auf Naxos conducted by Andrew Davis and starring Jessye Norman. Jeffrey Tate conducts Cosi fan tutte with

Agnes Baltsa, who sings Carmen in Milan this week.

Carol Vaness, Ann Murray and David Rendall. Lincoln Center (3626000).

New York City Ballet (New York State Theater): The 81st season moves from the end of its month of The Nutcracker to a mixed programme including Jewels, Agon and Antique Epigrapha. Lincoln Center (8705570).

WASHINGTON

Washington Opera (Terrace): The seasonal premiere of Zack Brown's 1981 production of The Rake's Progress conducted by Nicholas McGegan joins Leon Major's new production of L'Italiana in Algeri conducted by Joseph Rescigno with Francois Loup as Rossini's comic Mustafa and Mimi Lerner as Isabella. Kennedy Center (2543770).

LONDON

Royal Opera House, Covent Garden: Royal Ballet with Swan Lake and Nutcracker (2401066).

Royal Festival Hall: Festival Ballet continues with Nutcracker. (9283191).

Sadler's Wells, Rosebery Avenue: Sadler's Wells Royal Ballet has triple bills including a new Jennifer Jackson ballet. The American gymnastic dance troupe Pilobolus arrives on Jan 8. (2788916).

NETHERLANDS

Amsterdam, Stadsschouwburg: The Netherlands Opera in Werther directed by Rhoda Levine, with decor and costumes by John Conklin, The Hague Philharmonic under Hans Vonk, with Sylvia Lindenstrand and Neil Rosenshein heading the cast of soloists, and the ad hoc children's choir (242311).

VIENNA

Staatsoper: Lohengrin conducted by Schneider with Ligendza; Domingo, Elektra conducted by Hollreiser; The Barber of Seville with Gruberova. (5324/2655).

Volksoper: The Merry Widow conducted by Bibl; Vienna Blood conducted by Bauer-Theussl; Premiere of Orpheus in the Underworld conducted by Richter (Tues and Thur). The Bartered Bride. (5324/2657).

Great Expectations/Old Vic

B. A. Young

The adaptation of Dickens's novel that I saw last month in Manchester concentrated on the highlights of the story and came out melodramatic. Peter Coe's version for the Old Vic includes every detail and every phrase that he can find room for, and comes out astonishingly tedious. "Astonishingly," because there is very little tedium in the book, where even the coincidences that bind up the story are handled with enough skill to make them acceptable, if not believable. But Mr Coe's script has the feeling that he sat down in front of his copy of the novel and worked his way straight through, without the need of any imagination of his own.

The style is set from the very start. Robin Wentworth comes downstage and gives a lethargic account of the Kentish scene in Dickens's words. He has barely ended when suddenly, with no suggestion of atmospheric suspense, Magwitch begins his assault on young Pip. Pip's parents' gravestone is then whisked away to become a table, and we are in the sitting-room at Joe Gargery's forge, with Mrs Gargery lashing about with her tickler.

So the story is relentlessly pursued over more than 3½ hours (with two intervals to the benefit of the Old Vic's attractive bars). Scene melts into scene with the aid of Peter Rice's handily moveable scenery. We track from the forge to the Jolly Bargeman, to Trabb's tailor's shop, to Satis House, where Miss Havisham sits among her statutory cobwebs; then market to Jagger's office, Barnard's Inn, Wemmick's moated villa in Walworth. We even have a long look at Puss in Boots, starring Mr Wopsle from Scene One, and, at the point where we are beginning to feel doubtful if we shall ever get away, we are launched on Wemmick's extempore marriage. When Magwitch is to be smuggled away to the steamer, we have not one, but two boats rowed across the stage in the steam.

Nothing based on Great Expectations can be totally without excitement. Roy Dotrice is sufficiently brutal as Magwitch on the marshes to raise a little frisson. Sheila Burrell's Miss Havisham dies heroically in a red flood. But mostly the tale drags along as if we were looking at a pop-up version of the old School Library sort of edition. There are adequate cameo performances by Leon Greene as Joe, Charles Lewson as Wemmick, Ken Wynne as Pumblechook, and an outstandingly good one by Tony Jay as Jaggers, who makes Dickens's own dialogue, too faithfully followed elsewhere, sound as if it had really been written for the theatre.

The young people are a likeable bunch. Ian McCurrach plays Pip once he is past puberty, looking a little too 20th-century, but pleasant enough. Before puberty, Pip is Anthony Pearson, robustly confident and able to floor young Herbert Pocket (David Ellick) with a couple of straight lefts in spite of all his show-off science. Grown-up Herbert is Collin Johnson more or less interchangeable with grown-up Pip. Estella has little to do but look beautiful and proud, and Lynn Clayton does both those things all right. Peter Coe is his own director.

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FINANCIAL TIMES

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Rajiv Gandhi's giant task

SUCCESS and good fortune have attended Mr Rajiv Gandhi during his first weeks as Indian *Prime Minister*. He has won a resounding electoral victory. He has shown firmness and a proper appreciation of India's needs in his Cabinet building and in his *public pronouncements*. And he has shown moderation in his first moves to deal with India's regional problems. But Mr Gandhi needs no reminding that *the long haul has only* just begun.

Mr Gandhi has undertaken to give the utmost priority to the problems of the Punjab and of the Sikh minority in India. The shock of the storming of the Sikh Golden Temple at Amritsar and the murder, in retaliation, of Mrs Indira Gandhi appears to have calmed tempers for the moment. Appearances could be deceptive. Constructive measures are essential before passions revive.

Precisely what will emerge from a ministerial committee working on the matter remains *to be seen. But the outlines of* Mr Gandhi's thinking can be inferred from his public statements. He is ready to let chief ministers run the Indian states with less interference from New Delhi than had been the custom under his mother. But he insists they must obey the federal constitution. In practice that means no autonomy and no special status, let alone independence, for the Punjab.

Efficiency

The mixture sounds reasonable, but will require continued reasonableness from all parties if it is to work. It will also have to be shored up with agreed solutions to specific local issues.

On the larger issue of the management of the Indian economy and of public affairs in general, Mr Gandhi has taken his stand upon efficiency. No quarter, he has said, will be given to the lazy and the inefficient.

These are brave words befitting a man who came to the prime ministership with a technocratic reputation. He has held out the prospect of less protectionism through physical controls and of greater incentives *to exporters. A governmental* working party has proposed giving them tax incentives and allowing them to retain a portion of their foreign exchange earnings.

A trend towards *partial* deregulation and towards encouraging the private sector is not new. It was begun in the last years of Mrs Gandhi and has shown some fruits already. Foreign bankers are showing greater interest in India and foreign industrialists have begun to take advantage of less restrictive rules governing equity investment in joint ventures.

Mr Gandhi will be able to carry out his reforms in a relatively promising economic situation. The last two harvests have been good and the economy is on a growth trend of some 5 per cent a year. Unlike so many developing countries, India has a manageable foreign debt. In 1981 it amounted to 11 per cent of GNP *as against 16 per cent in the* case of Brazil. The ratio of debt service to export earnings has been kept to about 12 per cent, though it will rise in 1986 *when first repayments are due* on the IMF credits extended in 1980. That will require higher export earnings.

Given the need for India to husband its resources, it is to be hoped that Mr Gandhi's enthusiasm for modernising will not lead him into a headlong *rush towards capital-intensive* high technology ventures. The World Bank has rightly identified India's need as the overhauling of existing, often inefficient industries, rather than the development of new and expensive ones.

But the greatest need of all is for Mr Gandhi's enthusiasm to overcome the intertia of Indian society. His drive against corruption and for greater efficiency may capture imaginations at the top of the bureaucracy. It will fail unless it involves the lower echelons—the civil servants who actually work on files and see that they get to their destinations. It will fail if industrialists do not accept the challenge of greater freedom. Mr Jawaharlal Nehru and his mentor, MK Gandhi, the Mahatma, took on the British colonial rulers and won. Mr Nehru's grandson, the present prime minister, is taking *on the dead weight of Indian* tradition. His task may prove the harder of the two.

Reshaping the Stock Exchange

AFTER NEARLY 200 years, the London Stock Exchange is now gearing itself up to cope with the fundamental constitutional changes which will reflect the transformation in securities dealing practices in London. Today the exchange's council meets to consider proposals which it is hoped to put to the membership in March. But it is likely to require more sessions before the council is satisfied that the resolutions will be *reasonably* certain to attract the necessary 75 per cent vote at extraordinary meetings of the membership.

The present constitutional position is that the Stock Exchange is an undertaking governed by a deed of settlement, as amended at various *times over the years*. One key feature is that members own the exchange individually, through holding 5p shares, and all 4,500 or so have one vote each. *Another important characteristic*, however, is that the provision of services by the exchange is a mutual activity—so that membership cannot receive a value in terms *of income* or share of profits. At present, new members pay a nominal £1,000 to join, along with a £300 annual membership fee.

Within the next two years the exchange has to adjust to a situation in which it will be dominated by the big banks and securities houses, which will become corporate members and will expect to gain effective voting control. Individual membership may still retain some *regulatory* functions, but will have a much smaller role in the development of the exchange's policy.

This leads on to the central *question of how much this* individual membership is worth at a time of constitutional transformation. Although mutuality forbids any benefit from trading *surpluses, it does not extend* to distributions of assets. The London Stock Exchange owns buildings claimed to be worth £100m at replacement cost; it *also owns sophisticated* electronic information and settlement systems such as Topic and Talisman; and then there is the question of two centuries of *goodwill*.

To anything up to 1,000 members who are partners in the big broking and jobbing firms all this is largely irrelevant. They have sold out their firms to outsiders, and most expect to receive sums of between £500,000 and £1.5m *phased over the next few years*. The possible value of individual membership is only small change besides this.

The rest of the membership is in a much less fortunate position, however. Nobody is going to pay for the goodwill of a small firm (and many *members are sole traders anyway*). It might be too pessimistic to argue that many will lose their livelihoods in the new conditions; but it will certainly be true that in future the market will primarily be run in the interests of its large corporate members.

Veto

The council is therefore having to come to terms with demands that members should be compensated. The sum of £10,000 has been bandied about to test the water, as the sort of figure which might buy off opposition, although it still would not fully reflect the Stock Exchange's assets on any realistic appraisal.

However, there are counter arguments *against the notion* of any substantial payments. *After* all, members did not subscribe a true price for their own admission — so how can *they demand compensation* now?

For the Government and the Bank of England, such arguments over money make for an *unwelcome diversion* from the more refined subjects of regulation and international competitiveness. But the Stock Exchange is very much a *commercial* institution. Although its members do not appear to be fundamentally opposed to most of the mooted changes in the operation of the securities *markets*, they *have* a constitutional right to veto the proposals

Various arguments may prove useful in arriving at an *eventual solution. On the* one hand, the exchange will certainly need to reassure the bulk of the membership in small and medium sized firms that their *interests will be* protected. On the other, it may be necessary to warn that the exchange does not have an automatic monopoly of securities trading in *London the need for the gilt*-edged market to stay within the Stock Exchange is largely a matter of the convenience of the Bank of England, and telephone markets in equities could expand rapidly if the central market fails to respond to changing circumstances.

NIGERIA AND THE IMF

Austerity may not be enough

By Tony Hawkins, recently in Lagos

LISTENING to Major-General Muhammadu Buhari last week present Nigeria's first full budget since the coup a year ago, it was impossible not to be impressed with its down-to-earth, business as usual, tone.

No words were wasted on empty anti-Western, anti-multinational company rhetoric. Instead the head of state stuck to a sober and largely realistic assessment of his country's very strained economic situation.

He said nothing, however, on the subject which is at the heart of debate about the country's prospects: will Nigeria continue to reject the International Monetary Fund's terms for a $2bn plus loan, which would in turn open the way to a $300m World Bank structural adjustment programme and end the deadlock over rescheduling at least $2bn in insured trade arrears? Or will the military administration stand almost alone in Africa as a country which rejects the IMF *strategy for recovery*?

In the wake of the budget, business opinion of the current state of play is summed up by a Lagos banker: "As we move further into 1985 so the pressures for a Nigerian agreement with the IMF can only grow, but for the moment, the odds are heavily against it."

Nigerian Ministers believe that after four years of recession, they are turning the economy around by the more *stringent* and effective implementation of the austerity programme first initiated by the civilian Shagari government in April 1982. 1984 will, they

A bolstering of business confidence

believe, be seen as the year in which, at long last, Nigeria began to live within its means.

Bankers and businessmen agree that impressive progress was made in imposing fiscal and monetary discipline on an economy which previously had defied all such efforts. Great *strides were made, too, towards* correcting the twin financial imbalances that have so seriously threatened the economy throughout the 1980s.

Internally, the budget deficit was halved to N3.3bn ($4.1bn) — which is still far too large given the external constraints on the economy — while a semblance of order in the chaotic finances of the state governments was achieved by slashing their estimated deficit *from more than* N6bn ($7.4bn) in 1983 to N2bn last year.

Externally, the current account deficit which averaged more than N4bn annually in the *1981/83* period, was almost totally eliminated in 1984 when Nigeria virtually broke even on current account. When capital transactions are included, Nigeria's deficit at N102m was the lowest since 1980. Most important of all, the rate at which trade arrears *accumulated—N4.2bn in 1982/3* — slowed dramatically with arrears rising a further N500m during 1984.

The key to the *improved* balance of payments was the savage cutback in imports which at an estimated N6bn last year, were half their average 1980-82 levels, while exports at N8.9bn ($11bn) were, in dollar terms, only 45 per cent of their peak 1980 values.

Monetary discipline was reflected in the very modest 4 per cent growth in the money supply, down from more than 12 per cent the previous year. Needless to say, clamming of the fiscal and monetary brakes in this way has had very painful consequences throughout the economy. Many thousands of people—in government service and in the private sector, especially manufacturing—have lost their jobs. Reduced government spending meant smaller payrolls

The import crunch has had two main adverse effects. First, because Nigerian industry *imports an estimated* 70 per cent of its requirements of raw material and components, output and employment have fallen substantially. No meaningful *unemployment figures are* available, but a central bank survey of Lagos industry in the first half of 1984 found a 12 per cent reduction in employment while the number of registered job-seekers—no more than the tip of the iceberg—increased 85 per cent in the two years to March 1984 when it reached 154,400. It must by now exceed 200,000.

Secondly, as supply dried up, *so prices escalated out of sight*. *Inflation* is officially estimated at 40 per cent last year—almost double the 1983 figure of 23 per cent. Real Gross Domestic Product fell 12 per cent in *1981-83 period, slipping* a further 1 per cent last year, implying that real living standards have fallen by around 25 per cent since the oil boom collapsed in 1980.

There have been some important qualitative achievements too. Lagos businessmen and *bankers tell you that, its economic* inexperience notwithstanding, the military government is making a better job of managing the economy than its civilian predecessors — although the policy profile is not that different. In a sentence, it is management and policy implementation that have improved, with the military being more decisive, more courageous and altogether more determined

Not the least of the military's achievements has been the rebolstering of business confidence. No one believes that Nigeria faces anything other than five very *difficult* years through to the 1990s, but businessmen say they are heartened by the military's evident determination to make austerity work.

What is questionable is whether austerity—on its own —is enough to see Nigeria through to the 1990s. While government leaders claim that the worst is past and that Nigeria's very modest 1985 1 per cent real growth target is *attainable, bankers, business*-men, diplomats and a handful of Nigerian technocrats have their doubts—doubts that focus on a single issue, whether Nigeria can make it without the IMF.

Maj-Gen Buhari: a time for monetary discipline.

On the surface, prospects are not good. Major - General Buhari forecasts Nigerian exports this year at N8bn, 95 per cent of which will be oil earnings. This forecast, based on oil production of 1.3m barrels a day, looks a shade conservative on 1984 market conditions when output averaged 1.4m *b/d*, reaching an estimated 1.6m b/d in December, but the oil market is thick with gloomy prognostications of a price crunch in the spring

Debt-service this year is officially forecast at N3.5bn but because Nigeria did not pay the 1984 interest on the trade arrears promissory notes, this figure is probably slightly on the low side and actual payments could turn out to be closer to N4bn taking the debt-service ratio to 50 per cent.

Invisible payments will absorb a further N1bn, leaving only N3.15bn for merchandise *imports*, which apparently are being treated as a residual or balancing item with Nigerians being allowed to import only what they can afford after servicing their debts. Praiseworthy though this may be, is it realistic?

If this were a one-off situation, *it might just be tenable*, but unofficial estimates of Nigeria's debt-service commitments suggest a further increase to N4.5bn next year, before peak*ing at around N5bn in 1987*. Given the generally pessimistic assumptions being made about oil earnings for the rest of the decade, this means that the debt-service ratio would rise from 50 per cent in 1985 to more than 65 per cent by 1987.

It is not that Nigeria is over-borrowed externally. Its total disbursed debt at around N14bn—N1.5bn higher than the official estimate—is no more than 25 per cent of GNP, which is *just below the average* for oil exporting countries as a group.

Instead, the Nigerian problem is essentially a cash-flow one with its roots in three his*torical developments* — the bunched maturities arising from the medium and long-term debt negotiated in the 1970s, the rescheduling of the trade arrears *that accumulated in 1982-83 and*, above all, the current oil glut which meant that Nigeria simply has not had continuing access to the $25bn annual oil revenues enjoyed in 1980.

This *is* where the IMF comes into the picture. An IMF agreement would not only give Nigeria access to at least $2.5bn over a three-year period, but would, to some extent, overturn bank reluctance to lend to Nigeria and significantly increases the volume of insured supplier credit from the official insurance agencies.

All this would pave the way to a refinancing of Nigeria's medium and long-term debt, should this be necessary. As it is, the western creditor nations are unwiling to reschedule the arreas of Nigeria's insured trade *debts, put at more than* U.S.$2bn, in the absence of a Fund deal, though there has been speculation here recently that Britain, which is owed at least $1bn, might be prepared *to reschedule without the Fund*.

But the most compelling arguments are longer-run in nature. The austerity programme will not, on its own, adjust Nigeria's balance of payments, but rather it is a way of living with the consequences of *failure to adjust. The* savage import compression can only be a short-term strategy—a fact already evident in falling output, employment and incomes. Before much longer, the administration is going to have to make some tough and difficult choices — identifying those firms, in the motor assembly industry for instance, that will have to go to the wall, or shut down temporarily, because their import dependence precludes their operating at *envisaged* import levels.

It is not, therefore, that the austerity programme is wrong in itself, but that it is a holding strategy which, together with some of the positive measures in the budget—allowing Nigerians to operate external bank accounts in Nigeria, to encourage firms to re-invest remittable dividends, the quite-marked shift of public funds into agriculture, the revamping *of the tariff—are* moves in the right direction but still essentially peripheral to the key problem, that of the overvalued Naira.

It's conservatively estimated that since the 1974 oil bonanza, the real effective exchange rate of the Naira has doubled. Small wonder *is it then that non-oil* exports have failed to grow and that the economy has become so heavily import-dependent. The black market for the Naira is about one quarter or even one-fifth of the official rate of 1.237 (U.S.) dollars to the Naira.

Nigeria *is currently facing two* critical economic issues—the immediate problem of managing the liquidity crisis and the longer-run challenge of structural adjustment. This latter implies reduced oil dependence, agricultural renewal, and developing a broader resource base for exports and import-substitutes. The most obvious options in the export field are the hugely expensive liquefied natural gas (LNG) and petrochemical pro*jects, neither of which* is likely to get off the ground without massive foreign investment.

The measures of the past year have stabilised the external payments situation, *though* only at heavy cost in terms of domestic deflation, but the internal budgetary position remains precarious. The budget deficit is still too high and one estimate suggests that the Federal government will have to reschedule as much as N8bn in internal loans to pay contractors.

There is precious little evidence of progress on the longer-term structural front and *although agricultural output did* improve 2 per cent last year, it was still 5 per cent below 1982 levels and output stagnated throughout the 1970s while population grew at *more than* 3 per cent annually.

The IMF and the World Bank argue that Naira devaluation of *at least* 25 per cent immediately followed by a further downwards float or another 25 per cent, reduction of the domestic subsidy on petroleum (which

Budget deficit is still too high

would add N1bn to government revenues) and a limited measure of trade liberalisation, would substantially improve economic efficiency and unlock the door to a period of rapid economic expansion.

Ironically, given the Government's seemingly implacable opposition to devaluation, the Federal government would be the greatest single beneficiary since oil revenues which provide nearly 70 per cent of *income* would increase substantially in Naira terms following a devaluation, thereby opening the way to high levels of public sector investment. Obviously, devaluation would be inflationary, but so too are existing import-restraint policies which were mainly responsible for last year's 40 per cent inflation and this year's 30 per cent target.

Although an IMF team is due in Lagos later this month for routine Article Four discussions, there is no evidence to suggest that the Government is getting ready to bite the devaluation bullet. Indeed, one informed source says the gap between the two parties is widening. But, as the import squeeze intensifies, and especi*ally if* there are further falls in oil prices, then the Lagos policymakers may — but only may—think again.

NIGERIA'S CASH FLOW PROBLEMS
(Estimates in U.S.$bn)

Year	Exports	Imports	Debt service
1979	17	12	0.3
1980	25	16	0.5
1981	16	17	0.9
1982	13	16.5	1.1
1983	9.5	12.5	1.8
1984	12	8	3.5
1985	10	4	4.5

Source: FT Estimates

Men and Matters

Coal board war-games

Armchair observers of the miners' strike who harbour deep desires to nobble Arthur Scargill or see Ian MacGregor squirming helplessly in a corner now have the chance to do so.

The protagonists in the dispute have been transferred to the chess board — lovingly recreated in tiny, moulded resin *figures to give the classical* war-game board the gritty feel of the picket line.

Scargill and MacGregor are the two kings; the queens are Margaret Thatcher and (shome mishtake shurely?) Neil Kinnock. The bishops represent Milton Friedman and Karl Marx. Flying pickets and police wearing riot visors make up the knights, and Big Ben and pit-head winding gear, the castles. Police and miners' helmets *represent the ranks of pawns*.

The sets, costing less than £20 and with the miners' pieces, naturally, in coal black, are the brainchild of Bill Spalding, a graphic and photographic technician in Durham University's physics department.

"I am not trying to make a point," says Spalding, the son of a miner. "I regard the set as art work. It is unbiased. Each figure is as grotesque or as beautiful as the others, depending on how you look at it. The chess set is not meant to be humorous."

Perhaps Spalding's chess set will add some new moves to the classics. Instead of the Dragon Variation of the Sicilian Defence, how about the Barnsley Variation of the Orgreave Attack?

Card tricks

There has been no run on Midland Bank since it announced *even bigger losses from its* Crocker National subsidiary last week. But NatWest's cash machines seem to have doubts about the credit-worthiness of Midland's depositors.

Normally, anybody with a NatWest or Midland cashcard can use the other bank's machines to get money. But in the last week, those luckless customers who have used a Midland Autobank and then a NatWest Servicetill have had to suffer the ignominy of having their cards swallowed up, with instructions to contact their branches.

The problem apparently stems from the fact that 1984 was a leap year, and the Midland machines cannot count to 366 — or at least, they are programmed to do the calculation *differently*.

The banks thought they had sorted out the problem until two of my colleagues had their cards digested yeaterday. "If it's any consolation," said the Midland man who listened to the complaints, "it happened to me too."

"I hope this cold spell isn't blowing in from Geneva."

Close fit

Jonathan Thornton, who quit the NCB Pension Fund at the same time as his boss Hugh Jenkins last month, has quickly found a new slot in the City. He is to manage the £20m investment funds of Close Brothers, the small but growing merchant bank.

Close's management triumvirate—Rod Kent, Peter Stone *and* Peter Winkworth—who bought the bank from Consolidated Gold Fields back in 1979, added the third investment leg to their specialist banking and corporate *finance activities* with a reverse takeover of Safeguard Industrial Investments last year.

They plan to concentrate *their investment, like their* banking, in unlisted businesses operating especially in the financial services and high tech sectors.

Thornton, who got to *know* the Close men when they brought Logica, the computer systems company, to the market in 1983, fits neatly into this scheme of things.

For the past four years he has been with CIN Industrial Finance, the venture capital subsidiary of the Coal Board's pension fund. Before that he spent four years with ICFC, and a similar period as finance director of Aregon, a computer systems company launched by the National Enterprise Board.

Tripped up

Irish local government councillors are noted for their enthusiastic interest in the more obscure elements of housing, planning and administration when these subjects are being debated in exotic far-away places.

But now, Liam Kavanagh, environment minister, has *decided that the foreign band*-wagon is overloaded. He has sent a letter to all the councils telling them to cut down on the junketing.

Such strictures in the past have had little effect on councillors, who argue that ministers and their civil servants are not averse to a bit of foreign travel themselves.

But Kavanagh may have more success. In future, he says, the cost of trips will be listed separately in the estimates so that rate-payers can see exactly where their money is going—and how often.

Odds and ends

Some U.S. hotels, I hear, have already been charging sterling travellers cheques at an effective rate of $1.10 to the pound. So can parity be far off?

Ladbrokes, the bookmakers, yesterday opened betting on the possibility, offering odds of 7—2 against naming the calendar month in which a pound note will buy just one dollar bill.

Patriots who do not like the idea of selling the pound short, can bet instead on the calendar month in which the rate of exchange again rises to $1.35. Ladbrokes think that a less likely turn of events. They are offering odds of 9—2.

Whitehall ways

The First Division Association —the somewhat pompously-named trade union of Whitehall's higher ranking officials—has drawn up a draft code of ethics for civil servants.

The code itself contains no radical solutions to the trickier questions of propriety that mandarins sometimes have to face—but then, as the FDA's executive says, there are difficulties. . . .

"Civil servants' ethical anxieties often arise more from their inability to dissuade Ministers from acting in a way which they, the civil servants, regard as improper than from undue persuasion to act improperly themselves.

"A code of ethics for Ministers would be more appropriate to deal with this but that is beyond our control."

Observer

Letters to the Editor

Britain's economic prospects

From Lord Ezra.

Sir,—Mr Ellis (January 2) takes a rosy view of Britain's *economic prospects for 1985*. His article would have been better balanced if he had dealt with some of the underlying problems facing Britain, which could emerge in the years after 1985, but be affected by policies adopted in 1985.

Apart from unemployment, to which he refers briefly, a major danger signal is surely the rapidly deteriorating balance in our trade in manufactured goods. This has so far been masked by the earnings on oil exports, which are, however, likely to reach their peak in a year or two's time.

In 1982 there was a positive balance of over £2bn in our trade in manufactures, and it was much higher in previous years. But in 1983 this turned into a deficit of £2½bn, and in 1984 the deficit was running at the rate of £4bn a year.

While exports of British manufactures have continued to rise, imports have risen much faster. In most other European countries trade balances in manufactures have strengthened in the past two years.

Mr Ellis seems quite unperturbed by these developments and appears to consider that the *position can be put right by the* "income stream from overseas investments." It would be *interesting to know* where he considers we would land up if this process were to be continued in the years ahead, with overseas oil earnings diminishing, more and more goods being imported to meet our needs, and we ourselves investing in other countries' productive resources. What sort of unemployment level would he project in those circumstances and how would the cost of it be met?

Ezra.
House of Lords, SW1.

Telecommunications in Europe

From Dr A. Cullen

Sir,—Guy de Jonquieres' review of trends in Information Technology (January 2) contains both a widely-held misconception and a related contradiction.

The misconception is that the monopoly in telecommunications has been based solely on technical factors. This enables the view to be put that microelectronics undermines such a "natural" monopoly. Students of *telecommunications would object* that Europe's national PTTs have developed as monopolies/*monopsonists* as much on institutional, political and economic as on technical grounds.

If Mr de Jonquieres is correct in suggesting that "economies of scale play an important role in the electronics *industry, and particularly in . . .* telecommunications equipment where the soaring investments needed to remain competitive can only be recouped through large production volumes," then it is difficult to see where the lower entry costs argument which he marshalls, applies. Surely, the existence of increasing investment costs (especially in R & D) provides ammunition for the view that the European PTTs, far from being *"liberalised," should operate in*stead at a European scale as public monopsonists with a *direct influence on the planning* of R & D expenditures so as to thereby minimise unnecessary duplication of investments and maximise market size.

Dr Andrew Cullen.
177 Route d'Esch,
Luxembourg L1471.

Overtime denies employment

From Mr E. Whiting

Sir,—In 1976 there were about one-third of the numbers unemployed today. Then, about 30 per cent of operatives worked about 8¼ hours overtime each.

In 1984, your report on overtime (December 31) shows 52 per cent of operatives working 9½ hours' overtime. This must almost be a record in peace time. Overall, overtime now *accounts for 11½ per cent of* working hours. In theory, if overtime was replaced by new employees, *there would be no* unemployment problem (at least as far as "manual workers" are concerned, who make up the bulk of the unployed). As well as the unemployed, employers would be delighted too because the 22 per cent overtime premium (according to the Department of Employment figures quoted) would not need to be paid.

Much of the rise in earnings that is so lamented must be due not to increases in basic wages, but to increasing overtime at higher premiums. I suspect that much of this is due to more Sunday working, which usually demands double pay at least.

How can it be true that many people are being priced out of jobs when over half the employers are willing to pay over 20 per cent more for their extra labour?

Overtime is caused by lack of education and training, leading to skill shortages (as the TUC is well aware). It is due to the need for flexibility in many businesses, and overtime makes for cosier operating management. It is caused partly by the "fixed cost" element of employment cost, which is incurred regardless of hours worked (it was a pity that Sir Geoffrey Howe could not continue his attack on fringe benefits). It derives also from the *fashion of counting heads* (not costs) as an objective (I have been surprised how many managers *have* said that their organisations have been demanding a cut or a *freeze* on "*head count*").

Most of all, I believe it is the philosophy in many quarters that it is no longer good to employ people. Those in work do better and better without thought, it seems, for the possibility of employing others. In the public sector, departments and offices that work no overtime should be applauded. In the private sector head counts increased should earn merit for companies especially when they have done it without increasing their employment costs.

Edwin Whiting.
Manchester Business School,
Booth Street West, Manchester.

Crude constraints on drugs

From the Managing Director, Upjohn

Sir,—While heartily endorsing the comments made by Mr J. Cooper (January 3) in response to your leading article (December 28), I should welcome the opportunity to add two further points.

The pharmaceutical price regulation scheme is not just designed to reduce costs. Its primary purposes are to *increase productivity and to* encourage inward investment, research, manufacturing and *exports. How can it be said* therefore that it has not been a "conspicuous success" when *the pharmaceutical industry* achieves all of these objectives and is undoubtedly one of Britain's most efficient and productive industries and our fourth largest exporter?

The inference is made that medical problems such as anxiety and insomnia are of *minor importance but, regret*tably, this is not always the case. Where they are of minor *importance, then drugs such as* benzodiazepines are not appropriate. There are, however, many more serious cases, eg depression, epilepsy and anxiety associated with depression, which can be extremely debilitating to a patient and can lead to a broad range of mental and emotional disorders affecting both family and working life.

The Government's "crude new constraints" will have serious effects on patient care, the future of the national health service, medical freedom and the future of a thriving British industry.

G. R. Rodgers.
Fleming Way,
Crawley, West Sussex.

Secret trial for coal

From Dr J. Stretton

Sir,—As the 1984 coal strike heads into 1985, without commenting in any way on the miners' position, let us take a look at the Coal Board's stance. Some 180 seperate mines, in all sorts *of conditions*, are unprofitable and must close down. While some may be deep in the red, there can be no negotiation on others, no matter how marginal their unprofitability.

Cash flow, from which costs are deducted to determine profitability, is easily found by multiplying output by the market price of the product. But just a *minute*, neither the FT nor the BBC Commodity News quotes the coal price. We do not use coal on this island and I do not know whether it is $10 a tonne or $1,000 a tonne, nor what price the Coal Board used nor how it has changed since the strike started. Per*haps some condemned pits are* now profitable.

An unknown price, for an unknown period, negotiated by two teams of government bureacrats representing the Coal Board and CEGB using unknown guide-lines, appears to be the only evidence for condemning 180 coal mines to death. The trial was secret.

John Argenti's "Predicting corporate failure" published by the Institute of Chartered Accountants in England and Wales states:— "The fundamental guiding principle is that it is essential to use at least two different methods of pre*diction* before coming to a conclusion relating to a suspect company." What second method *of predicting the unprofitability* of its 180 coal mines has the Coal Board put forward?

(Dr) John Hallyburton Stretton
Apartado 10—Villa Carlos,
Menorca, Spain.

Potentially highly unjust

From the Director,
Promotion of Non-Executive Directors

Sir,—I write to support the aims that underline the Insolvency Bill but am deeply concerned about one of the methods used to achieve them, viz, the automatic disqualification of company directors on a compulsory liquidation.

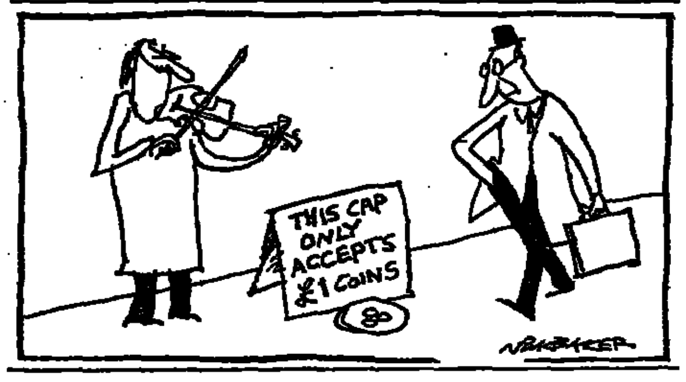
Our particular interest, which lies in strengthening boards by *the inclusion of more able* independent directors, would be badly served by the proposals because they would deter executives and non-executives alike from joining the boards of companies with problems. There are numerous circumstances which could lead to a winding up *which* no reasonable man could have foreseen and judgments about survival are often far from clear. What is more, the distinction between the circumstances which lead to a compulsory liquidation rather than some other course of action is not, by any means, always as clear as the legislative proposals imply.

Our concern goes further. We believe that the proposals will tend to discourage entrepreneurial attitudes and make companies more averse to risk. This is not a recipe for much needed growth. Moreover, we fear that many companies which it might have been possible to save will be prematurely placed in voluntary liquidation or receivership. Although we are sympathetic to the intention that lies behind the new proposals for the appointment of an administrator, we feel that in practice *they are seldom likely to be* used.

The greatest concern we all share is in the abandonment in this Bill of the fundamental principle of British law: that a man should be deemed innocent until proved guilty. To overturn this practice is wrong. At best it means that a director may be put to considerable personal expense to reaffirm that he is without fault. At worst, his reputation may be undeservedly besmirched.

It seems plain that the Government has opted for this course of action to save administrative costs or civil service numbers. These are laudible aims in themselves but not at the cost of gross injustice. We strongly support the objective of bringing rogues to justice and if this means a few more officials so be it. The plain *fact is that our country* desperately needs the best directors its companies can get. *Measures which unnecessarily* deter or unfairly penalise good directors are not in the national interest.

Jonathan P. Charkham.
10, Gough Square, EC4



Taking no care of the pence

From Mr. M Swiss.

Sir,—I trust you will permit me to join the multitude of prognosticators common to the time of the year particularly since I would like to make a forecast for 1986.

Alongside with the acceptance of the £5 note as the lowest-valued "paper money" in England the 5p piece, known at one time as a "bob," will become accepted as the lowest-valued coin, not in strict terms of legal tender but as what you give to a street musician, etc.

In other words, if you lose a coin lower than 5p it will not be worth your trouble to bend *down and look for it.*

M. Swiss,
19a, St Botolph's Road,
Worthing, West Sussex.

The pound and the dollar

From Mr G. Kramers.

Sir,—During December the pound was weak and the dollar was strong. Reading the newspapers and listening to radio and TV one is led to believe that this is due to the falling price for oil on the spot market. While this may be a factor the real reason is surely the need for debtors to buy dollars in *order to service their debt.*

Assuming that there is 400bn of dollar-denominated debt *arising out of the Eurodollar* market and the loans made by banks to Europe, Mexico and South America. Assuming too that the average rate of interest is 10 per cent then $40bn have to be found each year and $10bn each quarter to service the loans. We know that payment is often due on March 31, June 30, September 30 and December 31 as it is then that the banks worry if the interest will be received or the loans they have made classified as non-performing.

For many years the organisa*tion of Petroleum Exporting* Countries had such a surplus of dollars that there was no *shortage of dollars in Europe.* For many years also debtors were able to borrow more money in order to service their existing debt but in the last couple of years this has changed and the value of the dollar has been pushed up by the need to acquire dollars.

Currency markets and the rates of exchange quoted reflect both the volume of buying and selling and also the number of transactions and that is why, in a free market, the Bank of England has to intervene if it wishes to influence rates.

*According to Mr Martin Feld*stein (January 2) America's present current account deficit *is $100bn but only a small pro*portion of this is likely to end up in London. The Japanese are careful to leave their surplus dollars in the U.S. so that their economy is not distorted by a large increase in the value of the Yen against other currencies.

I predicted that the pound would be weak in June, September and December 1984 and I now predict that it will be weak again (and the dollar strong) in March, June, September and December 1985.

G. H. Kramers.
Partingdale Lodge,
Partingdale Lane,
Mill Hill, N.W.7.

Accounting for inflation

From Mr D. Dale

Sir,—*In your Leader* "Accounting for inflation" (January 4) you recommended *the accounting standards com*mittee to drop current cost accounting and revert to *current purchasing power*. There is no doubt whatever that this is sound advice. The only thing *one can say in a single sentence* about exposure draft 35 is that *its determined refusal to recog*nise the fundamental difference between inflationary price rises and ordinary commercial price changes, and to deal with the former and not the latter has inevitably led it to the most ridiculous conclusions.

Why, however, are you so concerned with possible Government opposition to CPP? Boards of directors write company accounts, not the Government. The benefits for the whole of British industry can hardly be exaggerated. Published profits would be materially reduced, but would be real.

The capacity of companies to pay dividends and pay rises and corporation tax would be *shown to be less than at present*, and profit plough-back could be more than doubled.

This is just the medicine that industry needs and the CBI should persuade the Government to levy corporation tax on inflation corrected profits — which should have been done as stock relief disappeared.

Douglas H. Dale.
97, Hilderstone Road,
Meir Heath, Stoke on Trent.

VAT on local newspapers

From Councillor P. Circus

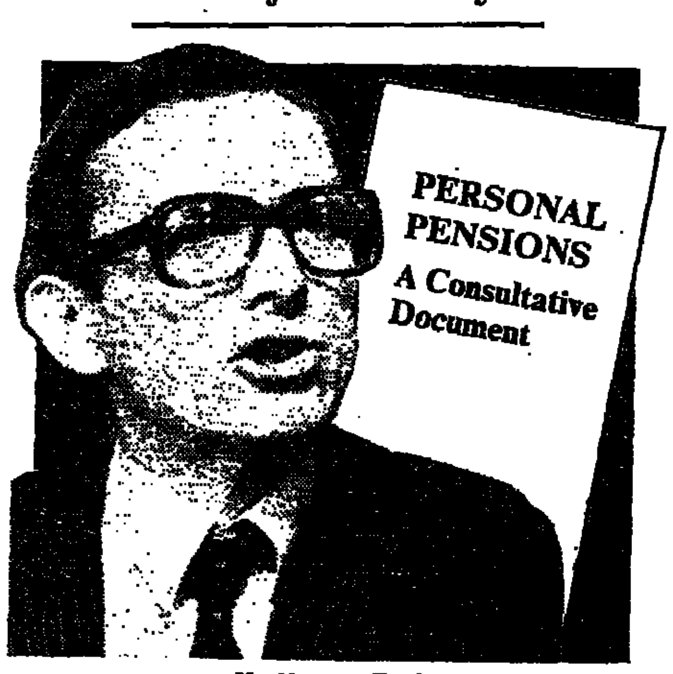
Sir,—The vice-chairman of North Wales Newspapers makes a crucial point (December 29) when he stresses the importance of local newspapers to the localities they serve.

This is particularly true in London and the metropolitan counties where the local press *is almost the only vehicle of* communication between the London boroughs, or metropolitan districts, and their electorate. This is particularly so because the local radio stations are almost entirely concerned with city-wide issues rather than borough or *district* issues.

It would be ironic if the imposition of VAT on newspapers put in jeopardy a number of titles at a time when the Government is acknowledging that people relate far more to their local Town Hall than to the *rather remote edifice of County* Hall.

Philip Circus.
Members Room,
Municipal Offices,
Twickenham, Middx

UK job mobility



Mr Norman Fowler

Wanted: a system that will work

By Eric Short

WHOEVER predicted that 1984 was going to be "pensions year" was not wide of the mark.

In addition to the recent furore over possible taxation of the retirement lump sum benefit and loss of other tax concessions, the pensions industry has *been greatly preoccupied by the* Government's radical plan for a system of personal (portable) pensions.

But while the tax issue involves a relatively straightforward choice for Mr Nigel Lawson, the Chancellor of the Exchequer, the portable pension proposals (introduced last July) are extremely complex and *likely to dominate the pension* industry's thoughts throughout much of 1985.

Reform of the UK occupational pension system—which, it is widely agreed, penalises "early leavers"—is a cornerstone in the Government's policy to make British employees far more "job mobile." The trouble at the moment is that the value of deferred pensions, based on salary at the time of leaving, tends to be eroded by rising prices.

Mr Norman Fowler, the Social Services Secretary, has *already attempted to correct* the present inequities to job changers within the existing *company framework by making* schemes revalue pension benefits to allow for modest rises in *inflation. These proposals are* contained in the 1984 Social Security Bill, now in the com*mittee stage in the House of* Commons.

But the Government has set its heart on solving the early leaver problem through a much more far-reaching system under which employees would have their own pension scheme which they would take with them on changing jobs

The big challenge is how to translate its well-aired principles into a workable pensions plan ready to introduce in the next session of Parliament.

The proposals announced last July are intended not only to achieve this aim, but several other objectives of this Government including a wider distribution of wealth and more opportunities for investment *in new industries.*

The problem is that Mr Fowler has a very tight timetable—the Government is committed to reform in this Parliament—and because of the complexities he is going to find it very hard to keep to it.

He got off to a poor start last year. The personal pension proposals published last July were not just a skeleton lacking flesh and muscle: several vital bones were also missing. Mr Fowler hoped *that the pension indus*try, with its wealth of experience, would get him off the hook by designing a personal pension scheme, within his parameters, that would work.

But the industry has not produced the goods. The mass of *evidence submitted at the end* of November of the personal pensions will have made dismal *reading for Mr Fowler. Since* the comments were not only singularly unhelpful in answering questions posed by the document but also highlighted the problems and contradictions in his proposals.

The principle behind personal pensions is straightforward enough. Employees will be able to opt out of their *employers' scheme and/*or the State earnings-related scheme in order to make provision for *themselves.*

Freedom of choice for employees sounds wonderful from a political platform—but *there* are practical difficulties.

While one of the Government's main objectives is to reduce dependence on the state, a system of personal pensions does not solve the problem of those individuals who do not adequately provide for their own.

Mr Fowler was therefore *seeking guidance on the mini*mum combined contribution of employer and employee to ensure that *future* pensioners will not be thrown back on the state. And here Mr Fowler runs into his second dilemma.

In the July document Mr *Fowler pledged that employers* would not be obliged to pay into a personal pension scheme *an amount equivalent to the* rebate on employers' National Insurance contributions which companies get for opting out of the state earnings-related scheme. In other words, the employer would pay no more, on average, than he would pay if there was no company pension scheme.

This means that employees *could end up paying the* majority of the personal pension contributions, especially if *the minimum contribution is* pitched high.

The industry did little to help Mr Fowler. To start with pension experts were virtually unanimous that personal pensions should not be contracted-out of the state earnings-related scheme, thus opposing a central tenet of the new plans. If Mr Fowler insisted that the new *system should be contracted out* of the state scheme then the industry would only advise in *general terms that the minimum* contribution needed should be high and that employers should not be *compelled* to pay more than the NI rebate.

Even supporters of personal pensions hint that the basic state pension might need to be raised to provide an adequate base.

The second major question on which Mr Fowler sought guidance was on which financial institutions should offer *personal pensions and how the* consumer should be protected.

The Minister, however, did not get a clear answer. His problem is compounded by the fact that consumer protection is the responsibility of his colleague Mr Norman Tebbit, the Trade and Industry Secretary. Mr Tebbit's White Paper on the subject is expected shortly, but *no one is prepared to com*ment in detail until it appears.

Yet proper protection is vital for employees. Mr Michael Pilch, a leading pensions consultant, has frequently held out the prospect of hordes of life company salesmen descending on financially naive employees.

The life company associations obviously want their members to retain their virtual monopoly of individual pensions, they suggest that other institutions *wishing to enter this business* should do so through their own life company subsidiaries on the *grounds that the necessary* framework of protection already exists.

Other institutions, however, particularly unit trusts and building societies, would like to *market personal pensions direct* to employees.

Since these institutions operate under *different* regulatory umbrellas, Mr Fowler's problem is either to reconcile these different standards, or establish yet another set of controls.

The final problem is administration, such as the payment of contributions, tax treatment and rebates.

Mr Fowler's proposal is that the cost should not fall on employers — a point on which the Confederation of British Industry also has strong views.

The implication of Mr Fowler's document is a massive, *bureaucratic centralised* clearing house financed by the institutions selling personal pensions

The life companies, of course, are totally opposed to the concept of a clearing house. Legal and *General* group, Britain's largest pensions company, put forward a complex alternative which would cut out a central bureaucracy, yet not involve employers. It would, however, require institutions wanting to sell personal pensions to have a high level of administrative expertise and computer capacity.

The pensions industry now seems to be resigned to Mr Fowler's plans, though very few *companies are going out of their* way to help him overcome the major difficulties. Mr Fowler *and his committee will have to* rely on his department officials to produce a workable scheme.

FINANCIAL TIMES
Tuesday January 8 1985

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COST CUTS AND BOOMING SALES SET TO PUSH PROFITS TO $10BN

U.S. car makers' earnings soar

BY PAUL TAYLOR IN NEW YORK

THE BIG three domestic U.S. car makers, General Motors, Ford and Chrysler, look set to report record combined 1984 earnings of about $10bn – easily surpassing the 1983 record of $6.15bn.

The record profits – even after adjusting for inflation – reflect the car makers' efforts to cut overheads and improve productivity, with a tremendous surge in car sales last year. Despite the short strike at GM consumers bought 14.1m cars and light trucks, the best sales performance since 1979.

Car sales last year totalled 10.36m units, with domestically manufactured vehicles representing about 77 per cent of the total, just short of the record 8.3m domestic car sales on 1979.

Although in the last few weeks of 1984 Detroit car makers reported a slight decline in the pace of sales, some Wall Street analysts are projecting another bumper year in 1985, with car sales pushing towards 11m units and light truck sales of almost 4m units.

Others, however, believe 1985 might show a slight decline in new car sales. They point out that some weakness might already be showing at GM's Chevrolet division, where sales fell 7 per cent in December. Chevrolet sales are often viewed as a pointer to industry trends because they represent the low-priced entry-level section of the industry.

GM, the industry giant, which is also traditionally the most optimistic, has, however, already projected total sales this year of 15m units – putting 1985 on a par with the record sales of the late 1970s.

In addition, all the major U.S. motor manufacturers have announced plans for a substantial increase in production, from 7.8m units last year, and new investment.

GM, reflecting the industry-wide trend back towards large, luxury cars, has also announced plans to keep open its ageing Detroit Cadillac plant when a new luxury car plant opens a few miles away later this year.

Out of the six domestic car makers, four reported higher sales last year. They were led by Honda, which more than doubled its total sales, including imports, to 642,021 vehicles to move ahead of Nissan whose total U.S. sales slipped by 7 per cent last year to 485,298 units.

Sales of domestically produced Honda cars increased from 50,402 in 1983 to 133,601, as output from its assembly plant in Marysville, Ohio, expanded.

Foreign car makers sold 2.4m cars in the U.S. last year or about 23 per cent of the total, down from 26 per cent in 1983, while unit-volume slipped by about 2.6 per cent.

Sales of Japanese-manufactured cars fell 0.5 per cent and represented almost 18.4 per cent of the total. The decline in market share primarily reflects U.S. import constraints coupled with fierce competition and some gains by the European motor manufacturers, Audi, BMW, Jaguar, Saab, Volkswagen and Volvo.

Among the big U.S. car makers GM reported more than a 13.5 per cent gain in sales of domestically produced cars to almost 4.6m units. Despite the lingering effects of the UAW strike, it managed to hold on to a 43.74 per cent share of the total market, against 44.15 per cent in 1983.

Despite the December decline at its Chevrolet division it retained three of the best-selling models last year, the subcompact Cavalier, the mid-sized Celebrity and the full-size Caprice.

Ford also reported a 26 per cent gain in domestically produced cars to 1.98m units and saw its market share increase to 18.52 per cent from 17.11 per cent.

Chrysler, whose return to financial health continued apace last year, saw sales of its domestically produced cars surge 36 per cent to 1.15m.

Chrysler included 168,722 of its hot-selling Dodge caravan and Plymouth Voyager multi-purpose vehicle sales in its 1984 total. Excluding these sales its domestic car sales increased 17.3 per cent to 986,998 units.

The company's market share of the domestic market edged up to 13.1 per cent from 12.1 per cent, while its share of the total market remained flat at about 10.3 per cent.

The major losers last year were American Motors, which saw its sales of domestically-produced cars fall 1.6 per cent to 190,255 units and VW's U.S. operations, which saw sales fall 13.2 per cent to 73,838 units. Both companies also saw their share of the domestic market, excluding imports, slide.

Bonn still confident after dip in orders

By John Davies in Frankfurt

THE INFLOW of new orders to West German industry registered a slight setback in November, but the Government remains confident that the economy is heading for further moderate growth.

The dip in orders is thought to be partly attributable to the unsettling of the car market; as a result of the controversy over tighter exhaust emission controls. Special factors, such as fluctuations in large export orders, are also believed to have played a role.

Official figures released yesterday showed that orders for manufacturing industry were about 2 per cent lower than in October, after being adjusted for inflation and seasonal influences. Domestic orders were down 1 per cent, while export orders showed a 4 per cent decline. The inflow of orders was still well above the level of a year earlier.

The Economics Ministry pointed out that in October and November together the volume of new orders for manufacturing industry was 8 per cent up on a year earlier. Domestic orders were 4.5 per cent ahead and export orders showed a hefty 14 per cent increase.

The Ministry said it was sceptical about reading too much into one month's figures, and voiced confidence about the overall economic trend.

Dr Martin Bangemann, the Economics Minister, has already indicated that he expects West Germany to show an increase of about 2.5 per cent in real output this year.

Although official figures are not yet available, gross national product is thought to have grown by about 2.5 per cent last year, despite the setback of the seven-week series of strikes and lock-outs in the metal industries last May and June. This followed a 1.3 per cent increase in 1983 as West Germany began a hesitant recovery after two years of decline.

The motor vehicle industry is one of the sectors of the West German economy that have been showing some worrying signs in recent months, although the problem has been of most concern to mass-production car makers rather than the prestige sector of the market.

Some motorists have been postponing orders for new cars because they are uncertain about aspects of the Government's plans for encouraging a switch to cars with devices to limit pollution. The building industry is also in the doldrums.

The Government expects exports to provide further strong stimulus to economic growth this year, after indications that West Germany had a record trade surplus last year, when the strong U.S. dollar boosted earnings in D-Marks.

The Bundesbank, the central bank, noted yesterday that the rising dollar had evidently encouraged increased long-term capital exports from West Germany last year. In the first 11 months of 1984 DM 9.4bn ($3bn) in long-term capital left the country, compared with an outflow of DM 5.8bn in the same period a year earlier.

THE LEX COLUMN

Diamonds are not forever

Wall Street analysts are by now thoroughly accustomed to melodramatics in the U.S. oil industry but yesterday's on-off marriage between Occidental Petroleum and Diamond Shamrock displayed a theatricality which even Mr T. Boone Pickens would have been hard pressed to match. The initial merger terms – a straight one for one share swap – were greeted on Wall Street with nothing short of incredulity and the $3 gap between the share prices of the two companies was already suggesting considerable scepticism about the final outcome before yesterday evening's announcement that the deal was off.

The merger valued Diamond at a touch over $3bn, which is neither here nor there in the American oil business but looked an extravagent price for a company which lost $60m in 1983 and had not fully regained credibility since.

Occidental was offering roughly a third more for Diamond's assets than would have been justified by recent acquisitions in the industry and stood to dilute both its earnings and its net worth in the process. On the basis of reported figures for the first nine months of the year, Occidental shareholders would have suffered pro forma earnings dilution of about 15 per cent.

Nor did the deal promise any outstandingly attractive business fit. The profile of the two companies is remarkably similar and if anything Diamond would have brought Occidental back into industry sectors, including refining and marketing, from which it has progressively withdrawn over the past few years.

The most plausible explanation for yesterday's whirlwind romance is that Occidental saw a way of improving the appearance of a balance sheet showing real signs of strain from the 1982 acquisition of Cities Service and the more recent purchase of a substantial block of its own shares. If that was indeed the rationale for the deal, buying Diamond may eventually have looked an unacceptably expensive form of equity finance.

As it is, Occidental is left with equity of $2.5bn supporting a long-term debt load of $4bn. The group now has the option of reducing debt further through asset disposals or issuing paper to buy another oil company. Resolving problems caused through the purchase of one oil company by buying another one may look an odd way to do business. But then the American oil industry is no ordinary business.

South Africa

While prime rates in South Africa were jacked up yesterday to a record level of 25 per cent, the rand slipped to an unprecedented low of $0.4760, following the slide in the gold price to $297 an ounce. Even though the South African Government has accepted that restrictive monetary policies are now needed to curb inflation and keep the balance of payments in line, there is a feeling that all this is too little too late.

Not that the Government is entirely to blame for the boom and bust behaviour of the economy. Gold and rain are two of its most important commodities. The former's price, in dollar terms, has been slipping steadily and the latter stubbornly refuses to arrive. This year's drought looks like being at least as bad, if not worse, than last year's, so that the country may have to be a net importer of maize.

There is little the Government can do to dissipate the clouds, but in order to mitigate gold's fall, it has allowed the rand to slip by nearly half against the dollar since the beginning of last year. As a result, the gold price in rand terms has been close to a record high, but the inflation rate is over 13 per cent and rising. (The effect is reminiscent of the depreciation of sterling offsetting falls in the oil price).

Inflation has also been stimulated by high levels of government and consumer expenditure in 1983-84. The year-on-year increase in M1 to last October was 36.6 per cent. Restrictions on hire purchase borrowing combined with the high level of interest rates have started to work their way through to consumer spending, though maybe not as fast as the authorities would like.

Given the deflationary atmosphere, companies operating in South Africa will be lucky to earn flat profits this year – most of them, particularly in consumer areas, will probably earn less. Those with high borrowings will be stung by the level of interest rates, and those which borrowed abroad without covering their currency exposure will suffer even more.

Subsidiaries of foreign companies will have the double blow of recession and a vast depreciated rand, which fell by 23 per cent against the pound last year and by 42 per cent against the dollar. Some UK companies, like Metal Box, have reduced their South African involvement; for others, like Pilkington Brothers, which earned nearly half its pre-tax profits there last year, the effect will show through in their 1984 results.

Retail sales

Even without the usual seasonal crackle on the index for retail sales, yesterday's small downward adjustment of the November figures would be no argument that the consumer boom of the past two years is running out of steam. Next week's provisional figures for December should finish off the picture of a good year for retailers; a last-minute scamper before Christmas (with the help of some realised and unrealised gains from British Telecom) has surely made up for a fairly dull first half of the month, while the clearing sales have got the new year off to a good start.

New consumer credit in November was down, although admittedly from a high October level, but the general impression is of consumers confident enough about inflation and their own earnings (if they are working) to go a little deeper into hock. The prospect of cuts in tax rates in the March budget will probably also depress any appetite for saving, now that the spectre of a wide extension of VAT looks less menacing. For this year, one would have to be quite anxious about inflation to rule out volume growth in retail sales of 4 per cent or more.

Clothing and footwear have had a tremendous run since the end of the summer holidays, and the arrival of cold weather has produced a late spurt. But it could be that a swing back to consumer durables may already be overdue. As for food, with next to no volume growth expected and all eyes on food price inflation, retailers will be continuing to jig up their mix of products to attract the consumer.

Bangemann in bid to reverse FDP slide

By Rupert Cornwell in Bonn

HERR Martin Bangemann, the leader-designate of the West German Liberal Free Democrats (FDP), has embarked on the daunting task of reversing the electoral slide of his party, which on current trends could prove fatal.

Herr Bangemann, Economics Minister in the Federal Government, is not due to be officially voted in as the successor of Herr Hans-Dietrich Genscher until a special FDP congress in Saarbrucken at the end of next month, when the party is set to launch a new manifesto.

The fractious internal state of the FDP, its waning appeal especially among younger voters, and the proximity of three key state elections in the spring left him no choice but to start at once, however.

Herr Bangemann promised at the traditional Epiphany assembly of the FDP in Stuttgart at the weekend to work for a closer rapport between the national party leadership and rank-and-file FDP activists.

In typically optimistic vein, he claimed that the basic shortcoming of the small centrist party was its lack of self confidence.

The real difficulties he will have to face, however, were made plain by the surprise election of a complete outsider, Herr Walter Döring, as the FDP's secretary in the state of Baden-Württemberg, historically a heartland of the party.

The victory of Herr Döring over more popular contenders is being taken as sharp proof that local party members are disgruntled with the leadership in Bonn

European group wins $450m contracts to enrich N-fuel

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

CONTRACTS WORTH £450m ($513m) to enrich nuclear fuel for reactors in Sweden, West Germany and the U.S. have been won by Urenco, the Anglo-German-Dutch uranium enrichment company.

The long-term contracts were won by the UK-based group in competition with state-backed enrichment operations in the U.S., France and the Soviet Union.

Part of the business has been wrested by Urenco from the U.S. and Soviet governments, which previously supplied the reactors.

They are long-term contracts to supply enrichment for eight reactors, of which three are owned by the Swedish State Power Board and the rest by West German and U.S. utilities.

Much of the £450m will be re-invested in expanded enrichment capacity at the Capenhurst factory of British Nuclear Fuels and at corresponding factories at Almelo, the Netherlands, and Gronau, West Germany. Deliveries will start in 1987 and run for ten years.

Enrichment boosts, the proportion of fissile uranium atoms, normally by a factor of four for standard types of reactor.

Urenco uses the gas centrifuge method of enriching uranium, which needs less then a tenth of the power required by the older gas diffusion process of its rivals.

Its commercial policy is to compete only for long-term contracts, usually of ten years, and to invest in the gas centrifuge capacity needed to fulfil its contracts.

Urenco is competing internationally with enrichment operations run by the U.S. Department of Energy, the Soviet Government, and the French state-owned Cogema.

Mr George Inglis, managing director of Urenco, said: "We can offer better terms now than the Americans."

Urenco has picked up its first-ever U.S. contract, worth about $100m, at a price of about $100 per kilogram, compared with the U.S. price of about $135.

The U.S. Government is talking of a price cut this year but is still expected to want about $120 per kg, Mr Inglis said.

It is handicapped by old plant and the inherently energy-hungry gas diffusion process, as well as soaring electricity costs.

The Soviets, who also use gas diffusion, have lost both Swedish and West German business to Urenco in the latest contracts.

Britain's Central Electricity Generating Board placed a small contract with the Soviet Union in the mid-1970s but has since dealt exclusively with Urenco.

Mr Inglis sees Urenco's main competition coming from the French, who won their first three U.S. contracts last year.

BSC 'broke quota deliberately'

BY IAN RODGER LONDON

THE BRITISH Steel Corporation (BSC) has admitted that it deliberately breached its EEC production quotas in 1982-83.

The European Commission fined the BSC Ecu 9.4m ($6.8m), by far the largest of the penalties levied against EEC steel groups for the period. The fine, however, came as no surprise to BSC, which had made a provision for it in its accounts.

BSC said that it intentionally exceeded its quota. "We did it in order to serve our loyal and faithful UK customers."

Brussels ordered EEC producers to cut their output late in 1982, when the steel market in most EEC countries was shrinking. BSC's quotas were cut in line with those of other producers, even though the British market was less depressed than the rest of the Community.

Soon after, a few of BSC's main customers were desperate for more steel. BSC measured the cost of alienating them against the cost of a fine. In keeping with its new market-sensitive mood, the fine was chosen.

BSC had probably also breached the quotas in early 1983, although not on as large a scale. It says it would, if circumstances warranted, do it again.

BSC has been arguing vigorously in the past year for an increased quota on the grounds that its restructuring has made it a more competitive supplier than many other European steel makers. Others suggest that it might do better to argue for the abolition of the whole system.

Delors plans EMS development

Continued from Page 1

will be worked out when the Commission has its first long meeting tomorrow.

Immediate priorities will be settled on Friday when M Delors meets Italian Government representatives.

He singled out the EMS as the main innovation in the Community over the last ten years. It should not be left in "a museum of discoveries." Rather, it should be strengthened, he said.

The Ecu could also not be left to develop in an anarchic and disorganised way – the Community did, after all, produce and circulate it.

M Delors thought West German resistance to greater use of the Ecu could be overcome. He recalled that last spring he had heard Herr Karl Otto Pöhl, president of the Bundesbank, say that the advantages overrided the disadvantages. "I am bold enough to believe that diagnosis remains unchanged," M Delors said.

The first task of M Delors, however, will be to help settle the budget dispute between the Council of Ministers and the parliament. The latter has rejected the former's proposals, so there is no 1985 budget. He has a vested interest in ensuring the Commission has enough money. Yesterday he arrived to find the Commission was short and had run out of heating oil.

World Weather

		°C	°F
Ajaccio	Sn	1	34
Akrotiri	S	18	66
Algiers	C	11	52
Amsterdam	S	-9	18
Athens	F	19	64
Bahrain	S	18	64
Bangkok	S	33	91
Barcelona	-	—	—
Beirut	S	20	68
Belgrade	Sn	-11	12
Berlin	S	-15	5
Biarritz	Sn	0	32
Blackpool	C	0	32
Bordeaux	F	-1	30
Brussels	S	-9	16
Budapest	S	-9	16
B. Aires	C	29	84
Cairo	S	20	68
Cape Town	F	23	73
Caracas	-	—	—
Casablanca	F	13	55
Copenhagen	S	-8	18
Corfu	C	11	52
Dublin	C	4	39
Dubrovnik	C	3	37
Faro	S	12	54
Florence	S	-1	30
Frankfurt	F	-9	16
Funchal	F	17	63
Geneva	C	-11	12
Gibraltar	F	13	55
Guernsey	Sn	-1	30
Helsinki	S	-23	-9
H. Kong	C	19	66
Innsbruck	S	-15	5
Inverness	C	4	39
Istanbul	F	15	59
Jersey	Sn	-1	30
Jo'burg	S	23	73
Las Palmas	F	22	72
Lima	S	25	77
Lisbon	S	6	43
Locarno	S	-6	21
London	S	-2	28
Los Angeles	S	20	68
Luxembourg	Sn	-12	10
Madrid	S	5	41
Majorca	-	—	—
Malaga	-	—	—
Malta	C	15	59
Manila	S	30	86
Miami	S	21	70
Milan	S	-5	23
Moscow	F	-7	19
Munich	-	—	—
Nairobi	S	26	79
Naples	C	4	39
New Delhi	C	17	63
New York	C	4	39
Nice	-	—	—
Oporto	S	7	45
Oslo	F	-13	9
Paris	Sn	-9	16
Prague	S	-18	0
Reykjavik	Fg	-1	30
Rio de J'o	C	34	93
Rome	C	-1	30
Salzburg	S	-15	5
Seoul	S	-3	27
Singapore	C	30	86
Stockholm	S	-16	3
Strasbourg	F	-11	12
Sydney	S	27	81
Taipei	C	20	68
Tangier	F	15	59
Tehran	-	—	—
Tel Aviv	S	22	77
Tenerife	R	19	66
Tokyo	S	7	45
Toronto	C	1	34
Tunis	F	12	54
Valencia	-	—	—
Venice	S	-5	23
Vienna	S	-15	5
Warsaw	S	-17	1
Zurich	S	-14	7

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

£ slips ahead of money figures

Continued from Page 1

are expected to be translated into higher bank borrowing charges if growth in the money supply during December was above City expectations.

The most closely watched monetary indicator, sterling M3, is likely to have been distorted by the sale of shares in British Telecom (BT) at the end of November.

Most analysts, however, are forecasting growth of between minus ½ a per cent and plus ½ a per cent for the indicator during December, and any figure higher than the latter would almost certainly trigger a rise in the banks' rates.

Money market levels yesterday, if sustained, would suggest base rates of 10 per cent or so, compared with the current 9½ per cent charged by most banks and the 9¾ per cent set by Barclays.

On foreign exchange markets yesterday sterling fell 1.25 cents to its lowest-ever London close of $1.1420.

The pound also fell slightly against other leading currencies, and the sterling index closed at 72.6, down 0.3 points from Friday.

The dollar closed in London at DM 3.1760, compared with DM 3.1680 on Friday, and its trade – weighted index rose to a record 146.3 from 145.6.

On the London stock exchange, however, shares recouped all of the losses suffered last week as leading institutions invested heavily in blue-chip stocks.

Oil prices improve on spot market

Continued from Page 1

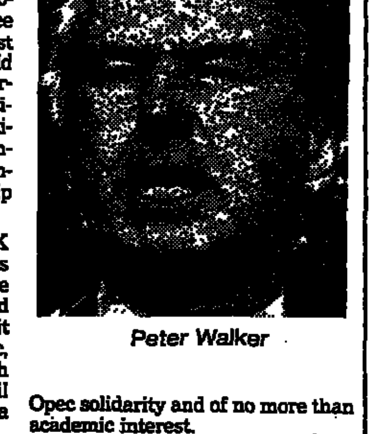
BNOC will probably lose more than £1m a day on its January business. That would mean Mr Peter Walker, the UK Energy Secretary, asking Parliament for an additional subvention for BNOC only three months after the previous request for additional funds. This would clearly be a source of some embarrassment to the Government, particularly in the light of recent criticism by the House of Commons Energy Committee of the Government's conduct of its relationship with BNOC.

The most likely course of UK Government policy is slowly and as inconspicuously as possible to move to a lower, more market-related supplier price for its oil, although it is keen to avoid provoking Opec, which has threatened Britain with a price war if it undermines the oil price. An oil price war would have a serious effect on sterling.

Richard Johns adds: Iran is understood to be having acute difficulty in selling any oil because of the intensification last month of Iraqi attacks against shipping using its main oil terminal at Kharg Island.

Only two tankers have been nominated for January so far as buyers look elsewhere for supplies not involving the risk of attacks, according to oil traders. Current insurance premiums for hulls and cargos are reckoned to have added at least $2 per barrel to the cost of buying Iranian crude.

Oil traders yesterday dismissed the NIOC statement as probably little more than an assertion of



Peter Walker

Opec solidarity and of no more than academic interest.

Last Wednesday Mr Mohammed Gharazi, Iran's Minister of Oil, was quoted by Tehran Radio as saying: "When insurance rates in the Persian Gulf are increased from 5 to 7½ per cent, we must determine the oil price in such a way that our oil will be competitive with other Opec countries' at consumption destinations and this was agreed on with Opec."

He was evidently referring to the March 1983 understanding rather than last month's Opec conference in Geneva, where there were plenty of recriminations about price discounting but no formal discussions on ways of accomodating Iran's peculiar problems.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday January 8 1985

Troubled Danish bank agrees to discuss merger

BY HILARY BARNES IN COPENHAGEN

KRONEBANKEN, the Danish commercial bank which was rescued with guarantees from the central bank and the three largest Copenhagen banks in December, has agreed to discuss "co-operation" with Provinsbanken, based in Aarhus, Jutland.

Provinsbanken's general manager, Mr Bjarne Dalsgaard, said at the weekend that his bank, which has about 140 branches, mostly in the eastern part of Jutland, was interested in acquiring Kronebanken.

A merger between the two would create a bank with a balance-sheet total of about DKr 35bn ($3.3bn), putting it among the top five banks.

Kronebanken was created in 1983 by a merger of two Zealand banks, Frederiksborg and Sjaellandske. It would complement Provinsbanken's Jutland network.

Several other Jutland banks, however, are also understood to be interested in acquiring Kronebanken.

The central bank and the Copenhagen banks put up guarantees worth DKr 500m to keep Kronebanken afloat after the bank inspectorate found that a substantial part of the bank's equity capital had to be regarded as lost.

Although the bank has not yet published figures showing exactly what its situation is, it has become clear that commitments to a civil engineering and construction company, Flexplan, were the main reason for the bank inspectorate's intervention.

Kronebanken's chairman, Mr Ole Retoft, has admitted that commitments to Flexplan exceeded half the bank's equity capital, which is over the legal limit on the commitments a bank may make to a single customer.

Kronebanken's management is due to make a report on the state of the bank's finances to a meeting of the shareholders' council on January 17. An extraordinary general meeting of shareholders will be held at a date yet to be announced to consider reconstruction plans for the bank.

Scovill agrees Belzberg offer

By Bernard Simon in Toronto

THE WAY has been cleared for the Belzberg brothers of Vancouver to take control of Scovill of the U.S. following the endorsement by Scovill's directors of a tender offer by a Belzberg-controlled company of $42.50 a share.

The directors advised Scovill shareholders to tender their shares under the $520m offer which expires at midnight on January 18. Scovill last month rejected the Belzbergs' initial offer of $35 a share. At least three other groups were reported to have shown an interest in making competitive bids for the Connecticut-based manufacturer of small appliances, security devices, fasteners and tyre valves.

The Scovill acquisition would mark a milestone in the Belzbergs' efforts to diversify from financial services into energy and manufacturing. The bulk of the family's interests, through the Vancouver-based First City group, comprises mortgage lending, leasing, real estate development, trust administration and insurance. The Scovill tender offer has been made through First City Properties, a U.S. company controlled by the Belzbergs.

In 1982 the Belzbergs bought a 50 per cent in Aberford Resources, a Calgary-based oil and gas producer. Their attempts to expand into manufacturing have so far had little success, beyond the realisation of capital gains from the sale of accumulated shares.

Among the companies on which the three brothers unsuccessfully set their sights last year were the Canadian subsidiary of American Can and Blue Bell, the North Carolina garment manufacturer. The Belzbergs have indicated that they would retain Scovill's management if they gained control

Teledyne earnings fall 74% in fourth quarter

BY OUR FINANCIAL STAFF

TELEDYNE, the Los Angeles-based manufacturing group, suffered a 74 per cent fall in fourth-quarter operating net earning from $89m, or $4.37 a share, to $22.9m or $1.96, despite revenues up from $791.1m to $867.2m.

A special tax credit of $62.8m or $5.36 a share, lifted final net earnings to $85.7m, or $7.32 a share, compared with $89m or $4.37. Average shares outstanding fell from 20.4m to 11.7m in the latest quarter.

Full year final net earnings were $574m, or $37.69 a share, up from $304.6m, or $14.87, in 1983. Revenues rose from $2.9bn to $3.5bn.

The latest figures include a $105m tax credit and gains of $260.3m on sales of investments.

Earlier this year, Teledyne repurchased 8.66m common shares at $200 each after a tender offer in June that represented one of the largest share buy backs in U.S. corporate history.

PWH to expand in France

BY JOHN DAVIES IN FRANKFURT

PHB WESERHÜTTE (PWH), the West German materials handling equipment group, has received approval from the French Ministry of Economics and Finance to expand its activities through a takeover in France.

It has taken a 65 per cent stake in Som-Delattre Sarl, in which the materials handling operations of Delattre-Levivier have been brought together. The French company is retaining a 35 per cent stake, in line with an agreement in principle reached with PWH early last year.

The move is part of a trend towards further rationalisation in the international materials handling equipment business.

PWH said yesterday that Som-Delattre, with headquarters in Paris and a factory in Valenciennes, would work closely with the West German group's existing French unit, PHB Someral Sarl in Mulhouse.

It would be active not only in France but also in other French speaking countries and would co-operate in major plant projects handled by companies in the Schneider-Empain group. In addition, it would be involved in projects which were better handled from France, for instance because of favourable financing arrangements.

PWH said the takeover was in line with its strategy of developing important foreign markets through locally based operations.

A CANADIAN STEEL PRODUCTS GROUP FINDS MILLING CAPACITY GOING CHEAP

Ivaco irons out its production problems

BY ROBERT GIBBENS IN MONTREAL

HOW DOES Ivaco, Canada's fastest-growing steel products group, get a new mini-mill to meet rising demand for high-quality steels for a capital outlay of almost nothing?

The answer is: by becoming themajor customer of a C$100m (U.S.$75.7m), 440,000 tonnes-a-year steel billet plant being built near Montreal by Quebec Iron and Titanium (QIT), an indirect affiliate of British Petroleum through Standard Oil of Ohio.

QIT has for many years been shipping ilmenite ore from its Allard Lake mine on the north shore of the lower St Lawrence nearly 1,000 miles upstream to its smelter at Sorel-Tracy,a metals industry centre about 40 miles east of Montreal. At full capacity, QIT can produce about 850,000 tonnes of titanium slag yearly from the ilmenite, which also means production of 650,000 tonnes of high-purity iron.

The titanium slag is sold to nearby titanium oxide and pigments plants and the iron moved to markets in North America, Europe and the Far East. The 1982 recession brought a sharp downturn in demand for QIT's special ductile irons and recovery has been slow, while the world market for pigments made from titanium slag has recovered faster. QIT was looking for ways to stabilise its iron markets and, if possible, produce an upgraded and more valuable material.

So QIT, with the help of the Quebec government, is investing about C$100m in a new billet plant alongside its smelter. Molten iron will go directly from the smelter to the billet plant for processing in an oxygen converter, a ladle refining station and a multi-shape continuous caster. The billets will be 85 per cent virgin iron and ideal for Ivaco.

Ivaco, in need of high-quality steel billet for its rolling mills, has agreed to take about 200,000 tonnes of QIT's output on a six-year contract starting in mid-1986 and subject to automatic three-year renewals.

The billet will be shipped to Ivaco's steel plant at L'Orignal in eastern Ontario for remelting and processing. Ivaco will spend between $15m and $20m there to raise hot-rolling capacity from 450,000 tonnes to 650,000 tonnes of wire rod annually, mainly through speeding up the existing mill.

Ivaco wanted high-quality billet made directly from iron ore and without scrap to upgrade and broaden its product mix and get into new carbon steel and alloy markets. For two years it had been testing the Swedish Inred process for low-cost conversion of iron ore into steel. It was to be used at L'Orignal, but will not be necessary now because Ivaco has found a supply of high-quality billet from QIT for a capital outlay of next to nothing.

Ivaco may still use the Swedish process, however, which boasts high-energy efficiency, at one of its U.S. plants.

"The contract is ideal for both firms," said Mr Paul Ivanier, president of Ivaco. "They get a stable long-term customer for their billet, helping them to diversify, and we can make grades of wire rod now produced by major integrated mills using oxygen steelmaking vessels and virgin ore. A mini-mill at L'Orignal could have cost C$75m. We'll both be on a learning curve for some time. We could do other joint ventures with QIT in future."

Ivaco has total steelmaking and rolling capacity in eastern Canada and the U.S. of nearly 2m tonnes annually. Its products include steel billet, hot-rolled bars and shapes, wire rod, wire, welded wire fabric, nails, fencing, fasteners, pipe, forgings, wire ropes and cable, prestressed high-carbon wire, paper-machine clothing and precision machined components.

Of its 34 plants, 16 are in Canada and 18 in the U.S. About 80 per cent of total dollar volume is done in the U.S. where it controls Laclede Steel of St Louis and several other products companies.

Ivaco in the past two years has built up a holding of about 12 per cent in Dofasco, Canada's third largest steelmaker, which specialises in sheet products. Dofasco has the reputation of being the best managed of all three major Canadian steelmakers, and is just embarking on a C$600m upgrading and expansion programme.

Ivaco was founded 35 years ago by Mr Isin Ivanier, an immigrant from Romania, and it is now classified as North America's 11th largest steelmaker and the largest producer of wire and nails. Ivaco's total volume has grown from C$11m in 1969 when it went public to around C$1.2bn this year. The second billion will not take so long to achieve according to Mr Paul Ivanier, a chartered accountant by training, and in operating command for most of the last 15 years of expansion.

Isin Ivanier shipped nail and wire manufacturing equipment from Europe to Montreal and set up in business just outside the city. Ivaco has successfully developed market niches, but has been faulted for its product strategy and, more recently, for its relatively high level of debt.

It retrenched, however, and came through the 1982 recession with strength in the right markets, high efficiency, and its interest in Laclede increased to 51 per cent. It has spent C$250m over six years to keep its plants efficient. It installed Danish Enkotec nail-making machines early, also becoming the North American distributor.

All four of Ivaco's steelmaking plants use electric furnaces and three are 100 per cent continuous casting. L'Orignal has set world records for continuous casting performance and has increased capacity for the new "special chemistry" steels.

In the first nine months of 1984, Ivaco earned C$25m or C$1.23 a share, against a loss of C$3.6m in 1983, on sales of C$908m against C$506m. Further recovery from the 1982 recession is expected in the fourth quarter and in 1985.

The company is looking at expanding its markets, and at its geographical spread. It is already operating across Canada, and long-term expansion further west in the U.S. is possible.

It is Ivaco's steady build-up of its 12 per cent share in Dofasco since early 1983 that has raised eyebrows in Canada, however. Analysts have speculated that Ivaco is aiming at 20 per cent of Dofasco and ultimately, control. The Ivaniers are saying little. They believe Dofasco is the jewel of the Canadian steel industry and they have bought the stock "for investment purposes."

More cryptically, Mr Paul Ivanier said that the C$2bn sales mark is "in sight and some of our planning and strategic moves are already clear. We will be staying in the business we know well and there is plenty of room to grow."

Canadian trust groups told to raise new capital

BY OUR TORONTO CORRESPONDENT

THE CANADIAN authorities have asked several trust and loan companies to raise additional capital to cover higher loan loss provisions relating to a sharp fall in real estate values.

Mr Robert Hammond, Superintendent of Insurance whose department inspects the financial records of trust companies, declined to name any of the companies involved or to give details of the capital shortfalls, but he did say that the country's largest trust and loan companies were not affected.

Mortgage lending accounts form the bulk of the trust companies' business, but as competition with banks in the mortgage market has intensified, the trust companies have diversified into other financial services.

Besides their other traditional field of estate and trust administration, they have expanded into consumer and commercial lending.

The combined assets of Canada's 72 trust and loan companies total about C$100bn (U.S.$ 75.7bn).

The image of the trust and loan industry was badly tarnished two years ago when the Ontario provincial government seized the assets of three companies which had financed questionable apartment block sales in Toronto.

Mr Hammond said he had ordered a reappraisal of trust company holdings of commercial real estate in western Canada. The move was based on concern at the impact of the property slump in Alberta and British Columbia on the institutions' financial position. Many of the original appraisals were carried out during the oil and gas boom of the late 1970s when property prices soared.

Among the trust companies that have recently announced plans to raise new capital is Pioneer Trust of Regina, Saskatchewan with assets of C$275m. The company suffered a loss of C$1.7m in the first nine months of 1984.

New layoffs at Storage Technology

By Our Financial Staff

STORAGE Technology, the Colorado-based computer equipment maker which filed under Chapter 11 of the U.S. bankruptcy code in October, is laying off another 1,000 to 1,200 manufacturing workers at its Colorado plants.

The layoffs bring to more than 4,000 the number of Colorado workers who have lost their jobs with the company in the past three months.

About 5,000 will still be employed by the company after yesterday's action. The company's worldwide workforce will drop to about 10,000.

The filing came after Storage Technology suffered major losses in the face of increasing competition from IBM. Storage Technology was unable to turn costly investments in various new technologies into competitive products.

The company said it hoped to save about $26m a year with the latest round of layoffs.

Epic may be first part of markets link

By George Graham in London

THE EPIC database could become the first element in plans for the London Stock Exchange to share information with its New York counterpart.

Epic is fed with price quotations from the London exchange's floor and with information such as company announcements. It forms the basis of the Topic Screen Network, an information system without direct parallels in New York.

Epic is supplied in computer-readable form to other information systems such as Ceefax or Prestel in the UK. There is no insuperable difficulty in piping it in the same form across the Atlantic.

Indeed, the London market's recent decision to become a customer of the private telecommunications network Mercury is being interpreted as partly linked to the wish to transmit computer information to the U.S.

A more complete exchange of trading information between the two stock markets is impossible for the time being, because the London exchange is not capable of supplying immediate details of the last trades made and of the volume of shares dealt.

The changes in the structure of the London market that are due to follow the dismantling of minimum commission in 1986 mean that new computer systems will be installed.

INTERNATIONAL COMPANIES and FINANCE

Local loans by Bank Bumiputra under fire

KUALA LUMPUR—Bank Bumiputra Malaysia's domestic bad loans have run into millions of ringgit because of malpractices among some of its officials, said Tun Hussein Onn, of Malaysia's national petroleum corporation, Petronas.

Tun Hussein, a former Prime Minister of Malaysia, described the bank's domestic lending policies as "just as bad" as those of Bumipatra Malaysia Finance (BMF), according to the national news agency. BMF, the bank's wholly-owned Hong Kong subsidiary, lent 2.5bn ringgit (U.S.$1.02bn) during 1979-82 to various concerns, including the now defunct Carrian group.

Last week, an official committee investigating BMF's lending practices, found prima facie evidence of corruption by six BMF executives and directors. All six are believed to be out of the country.

Tun Hussein said that most of Bank Bumiputra's outstanding loans were approved under doubtful security and improper guidelines. He also alleged that the bank officials involved received a certain percentage of the approved loans in the form of money or other gratification and that the bank had initiated proceedings against more than 140 debtors recently in a bid to recover several million ringgit.

The former Prime Minister also said that Petronas, which bought out Bank Bumiputra last September to save the bank from collapse, would check on the bank's financial situation from time to time. He welcomed the government's decision to make public the report by the committee of inquiry and reiterated that a Royal Commission of inquiry was needed to investigate the case further.

The agency also reported that Bank Bumiputra or BMF could seek an injunction to freeze the assets of the six BMF officials
AP-DJ

Steven Butler on recent efforts to expand Korea's stock market

Lukewarm response to Hyundai

KOREA'S fledgling stock market passed a milestone on December 22 when shares of Hyundai Engineering and Construction, the flagship company of the country's largest business conglomerate, began trading publicly.

However, the start of trading did not end the controversy surrounding the issue.

Dealings began at the issue price of 850 won, and promptly rose to 900 won, reaching the maximum allowable one-day gain, with a huge trading volume of 7.4m shares out of an issue of only 50m shares.

But brokers say the stock came under heavy selling pressure. Lucky Securities, lead manager for the issue, and Kukil Securities, which is owned by Hyundai, intervened to support the price at 900 won. On the second day of trading, the last for the year, the issue fell back to 898 won.

The 20 per cent offering for 42.5bn won ($49m), was the largest flotation in the market's history, and expanded Hyundai's paid-up capital to 125bn won.

It was an event the Government had encouraged for several years in its push to persuade all Korea's large companies to list their shares.

Korean companies typically are poorly capitalised. At the end of 1983, Hyundai's debts were about 7½ times its estimated net worth of 190bn won.

The Government would also like to reduce the concentration of industrial ownership, which has come under increasing public attack.

Large family controlled conglomerates like Hyundai began to dominate the Korean economy in the 1970s, nurtured on "policy loans"—subsidised, low-interest loans doled out to companies in targeted sectors of the economy.

At the same time, most companies were forced to turn to a large, high-interest kerb market, estimated to account for as much as one-third of the money supply, when banks reached their lending limits.

The Government is now trying to wean the big corporations from their habitual diet of cheap, subsidised credit, and to liberalise the banking system. It believes this will eventually put most of the kerb market out of business. Yet each step to readjust the markets sends shock waves through the financial community.

In early November, to counteract one of those shocks, the Ministry of Finance announced that 50bn won would be loaned to securities companies for the purchase of stocks on their own accounts.

External shocks

The loans violate in principle a Government policy not to intervene in private markets, but the Government still wants to cushion the stock market from external shocks in order to foster its growth.

The Government had announced just two days earlier that an unofficial, though legal, market in repo bonds — bonds sold under repurchase agreement — would be phased out over six months.

That market, estimated at 1,500bn won or one-third the size of the entire stock market, had become a major source of liquidity for the securities companies. But as one official put it, the transactions "made a mockery of the Government's interest rate policy."

The bonds were trading at 17 to 18 per cent, close to the kerb market rates, and well above the official bank lending rates of 10 to 10.5 per cent. The Government simultaneously raised deposit rates at banks to draw money into long-term bank deposits.

In the meantime, a tide of money has flowed into the stock market since early December, to produce a vigorous year-end, pre-dividend rally, pushing up the market's composite index to close the year at a new high of 142.46—though a seasonal downturn can now be expected.

In addition to the 50bn won of stock-purchase loans, at the Government's request, banks purchased some 20bn won of bonds from the securities houses. Brokers also attribute the rally to a temporary "election year" easing of the money supply, to the crackdown on real estate speculation which has been a favourite investment for rich Koreans, and to the belief that there will be further liberalisation of the stock market, which would allow companies to set their dividends freely and might allow more foreign participation in the market. Nonetheless, some analysts expect a new liquidity crunch this year, after the elections.

Some observers had hoped the Hyundai issue might be buoyed by the year-end rally. But many construction issues have been trading below par because of slack business from the Middle East, and appear to have been left out of the rally.

Hyundai was also one of the few companies to meet stringent standards that allowed listing at a premium above the par value of 500 won.

For many companies, as one securities analyst put it, public offerings at par were tantamount to "giving the company away." But underwriters are still inexperienced in pricing shares above par.

Hyundai initially proposed the shares be sold at a 100 per cent premium, but the plan ran into trouble with Korea's securities supervisory board. Hyundai then compromised and agreed to offer the shares at only a 70 per cent premium.

Oversubscribed

The issue was oversubscribed 2.6 times, but in the Korean context where oversubscriptions of 30 to 50 times are common, and where underwriters must guarantee the issue price for 30 days (making a subscription risk free), most brokers considered the flotation something of a flop.

However, market observers are hopeful that the public's lukewarm response to Hyundai will not discourage the 25 or so companies that have indicated they plan to list publicly next year. This compares with no new listings in 1982, three in 1983, and about 14 in 1984.

Analysts say the Government's tight money policy is forcing private companies to turn to the securities market for funds. Owners are also encouraged by new rules that allow them to offer only 20 per cent, as opposed to 40 per cent, of their company

Korea's entrepreneurs are happy to let the public help expand their capital base, but not if they lose control of their companies in the process.

Middle East Petroleum losses put at U.S.$5m

BY MARY FRINGS IN BAHRAIN

THE LOSSES of Middle East Petroleum, a small Bahrain-based offshore trading company which filed for bankruptcy last month, have been officially put at about US$5m.

The amount is 10 times the company's capital, but represents only 150,000 to 200,000 barrels of oil products.

MEP was registered under Bahrain's exempt (i.e. offshore) company laws in October 1981, but suspended operations and closed its Bahrain office at the end of November.

It was owned by Badr As-Salem Ali Juma As-Salem, a Kuwaiti, who held all but one of the 500,000 shares, and was managed by his brother Nasser. The company apparently had technical assistance or advice from Sun Oil, the 10th largest U.S. oil corporation.

MEP had offices in London and the U.S., and registered a second company in the Cayman Islands. About seven or eight creditors are waiting for the Bahrain court to appoint a liquidator to that they may press their claims.

Deak-Perera licence revoked

HONG KONG—The government has announced that it has revoked the registration of Deak-Perera Finance—which is affiliated to the financially troubled Deak group of the U.S.—as a deposit-taking company.

Mr Robert Fell, the Banking Commissioner, said the registration was revoked last Wednesday because "the business of the company was being carried on in a manner detrimental to the interests of its depositors."

Earlier, Mr John Brembridge, the Colony's Financial Secretary, had petitioned the Hong Kong Supreme Court to liquidate Deak-Perera Far East, a foreign exchange and precious metal-dealing house also affiliated to the U.S. company.

Both Deak-Perera Finance and Deak-Perera Far East have suspended operations here since early December after their holding company in the U.S. filed for protection to reorganise under the U.S. bankruptcy code.
AP-DJ

OUB invests in private bank

SINGAPORE—Overseas Union Bank, the island states' fourth largest local bank in terms of assets, plans to acquire 3.8m shares in the privately owned Asia Commercial Bank from Mr Ang Keong Lan.

In exchange for the 5 per cent stake in Asia Commercial, OUB will issue 2.8m new shares, credited as fully paid, to Mr Ang.

The transaction will boost OUB's issued share capital by 1.1 per cent to 256.0m shares from the current 253.2m. On yesterday's share price, down 8 cents to S$3.76, the bank's market capitalisation is now S$962.8m (US$440m).
AP-DJ

BASE LENDING RATES

A.B.N. Bank	9½%	C. Hoare & Co. ......†	9½%
Allied Irish Bank	9½%	Hong Kong & Shanghai	9½%
Amro Bank	9½%	Johnson Matthey Bkrs	9½%
Henry Ansbacher	9½%	Knowsley & Co. Ltd	10½%
Armco Trust Ltd.	10½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	10 %
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	Mount Credit Corp. Ltd.	9½%
Bank of India	9½%	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit Bank of Mid. East	9½%	Provincial Tst. Ltd	11%
■ Brown Shipley	9½%	R. Raphael & Sons	9½%
CL Bank Nederland	9½%	P. S. Refson	9½%
Canada Perm'nt Trust	9½%	Roxburghe Guarantee	10 %
Cayzer Ltd	9½%	Royal Bk. of Scotland	9½%
Cedar Holdings	11 %	Royal Trust Co. Canada	9½%
■ Charterhouse Japhet	9½%	■ J Henry Schroder Wagg	9½%
Choulartons	**	Standard Chartered ...‖	9½%
Citibank NA	9½%	Trade Dev. Bank	9½%
Citibank Savings ......§	10½%	TCB	9½%
Clydesdale Bank	9½%	Trustee Savings Bank	9½%
C. E. Coates & Co. Ltd.	10½%	United Bank of Kuwait	9½%
Comm. Bk. N. East	9½%	United Mizrahi Bank	9½%
Consolidated Credits	9½%	Westpac Banking Corp.	9½%
Co-operative Bank ...*	9½%	Whiteaway Laidlaw	10 %
The Cyprus Popular Bk	9½%	Williams & Glyn's	9½%
Dunbar & Co. Ltd.	9½%	Wintrust Secs. Ltd.	9½%
Duncan Lawrie	9½%	Yorkshire Bank	9½%
E. T. Trust	10 %		
Exeter Trust Ltd	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ......‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		
■ Hill Samuel ......§	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.25%. 1 month 7.00%. Fixed rate 12 months £2,500 8.75%. £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
¶ Mortgage base rates.
§ Demand deposits 6%.
** See Provincial Trust Ltd.

INTL. COMPANIES & FINANCE

Deutsche Babcock sales decline

BY OUR FINANCIAL STAFF

DEUTSCHE Babcock, the West German heavy engineering group, expects to unveil satisfactory results for 1984 despite substantially lower turnover.

Weak demand plus the group's efforts to trim capacity at loss-making divisions helped push turnover for the year down to DM 7bn ($2.21bn), the company said. For 1983 turnover totalled DM 8.1bn.

Babcock, which made a net profit of DM 24m in 1983, said it passed over some risky construction deals last year in order to minimise potential losses. It reduced activities in its troubled international construction and trade groups.

As a result, 1984 order inflow fell to DM 5.8bn in 1984 from DM 7.1bn the previous year. Orders on hand fell by 15 per cent to about DM 9bn.

In 1985, order inflow is expected to hold steady at 1984 levels. However, turnover may decline further—to DM 6bn.

Babcock said its construction and trading groups lost money in 1984 while industrial engineering and machinery-making operations posted profits.

The company trimmed its staff by 2,270 during the year to 22,515 after the completion of several major construction projects.

It also gained a more substantial financial footing last year with bank debt narrowing to DM 70m from DM 210m a year earlier. Financial investments totalled DM 650m and there is DM 1.2bn of unused credit to fall back on, the company stressed.

Dutch options exchange boosts activity by 45%

BY LAURA RAUN IN AMSTERDAM

ACTIVITY on the European Options Exchange (EOE) rose by 45 per cent to 5.08m contract, in 1984. Average daily turnover rose to 20,150 contracts last year from 13,786 in 1983 while cash turnover grew to Fl 2.9bn ($812m) from Fl 1.78bn.

As in past years, stock options accounted for a majority of activity with 4.1m of these contracts changing hands compared with 2.58m in 1983. The most actively traded classes were Philips, Akzo and Royal Dutch Petroleum.

The EOE expects to introduce an option on Robeco, the big Dutch investment trust, in the first quarter of 1985, says Mr T. E. Westerterp, director of the exchange. Robeco would become the first investment fund on the EOE.

In the second quarter, the EOE expects to reintroduce its EOE-Index Option, which is an index based on the price fluctuation of the 14 underlying stocks listed on the EOE. Dealings in this option were suspended in November 1983.

Allianz hints at move into banking

HAMBURG — Allianz, the major West German insurance group, is considering going into the banking business, according to Herr Wolfgang Schieren, the chief executive.

The Munich-based group last month announced that it was converting itself into a holding company and hiving off its primary insurance business into a separate company in order to acquire greater corporate flexibility.

Herr Schieren said he did not see Allianz turning into a universal bank involved in the whole range of banking from small private accounts to big international business portfolios. The company would remain primarily an insurer. "But, in future we cannot exclude possibly taking on business ourselves that is now left to banks."

Reuter

Norway blocks bank equity proposal

By David Brown in Stockholm

The Norwegian Finance Ministry yesterday turned down an application by Bergen Bank, the country's third largest commercial bank, to increase its foreign-owned voting capital beyond the 10 per cent legal limit.

However, the Ministry said the bank could issue up to 20 per cent of its capital in non-voting equity.

Bergen Bank said the decision would not affect a far-reaching deal under which three Nordic banks are seeking to exchange shareholdings in each other to meet growing competition from foreign institutions.

Foreign banks will start operations in Norway early this year, and in Sweden at the start of 1986.

Skandinaviska Enskilda Banken, Sweden's leading commercial bank, Bergen Bank, and Union Bank of Finland are seeking to set up a co-operative Nordic network under the name Scandinavian Banking Partners.

S-E Banken has applied to the Swedish Government for permission to exchange small shareholdings with the two other banks — 7.5 per cent with Bergen and 3.5 per cent with Union. The deals are worth SKr 93m ($10.3m) and SKr 157m respectively. Bergen Bank and Union Bank would exchange 3.5 per cent shares.

S-E Banken is also seeking a change in existing law which prohibits foreign investors from buying shares in a Swedish bank.

The Norwegian Finance Ministry, which is also understood to have again turned down a similar request by Den norske Creditbank, has appointed a working group to consider changes in the current law.

Renault plans FFr 2bn domestic bonds

By Our Financial Staff

RENAULT, the loss-making French state-owned motor group, plans to raise FFr 2bn ($206m) through the Paris bond market.

The fund raising is part of a huge financing package earmarked by Renault in support of heavy capital investment and redundancy payments.

The group, which ran up losses of FFr 1.6bn in 1983 and was FFr 3.6bn in the red for the first half of 1984, is expected to report very heavy losses for last year.

The bonds will be for 12 years at a fixed rate of 12.5 per cent. They will be sold in lots of FFr 5,000, and have an issue price of FFr 99.50. Payment date will be February 4.

Italian fashion house ahead

By Alan Friedman in Milan

LUCIANO SOPRANI, one of Italy's fastest growing fashion companies, says it expects turnover for 1984 to total L28bn ($14.7m), an increase of 25 per cent on last year. The Milan-based Soprani group's net profit, however, remains small at L700m, up 20 per cent.

UK COMPANY NEWS

American expansion helps Ellis & Everard to £1.8m

SHAREHOLDERS IN Ellis & Everard, the distributor of industrial chemicals, "will be pleased" with the outcome for the year to April 30 1985. Chairman Mr Simon Everard reports a pre-tax profit of £1.87m for the first half, against £1.16m, and believes the outlook for the current six months "is promising."

He concedes, however, that economic growth on both sides of the Atlantic may not match up to the 1984 performance. The strong dollar makes U.S. sales and profits "particularly valuable"

For the first half sales shot up from £27m to £38.25m, including those of Prillaman Group from date of acquisition to September 30, and reflected an increase of 11.1 per cent in the UK and 44.5 per cent in the U.S. The strong dollar gave an increase in sales at American Industrial Chemical amounting to 10.3 per cent.

Earnings for the half year are up from an adjusted 5.7p to 7p, and the interim dividend is lifted from the equivalent of 2.27p to 2.5p net. The 1983-84 total was equal to 5.9p from pre-tax profits of £2.57m.

● comment

Ellis & Everard's 61 per cent growth in taxable profits comes down to more like 43 per cent after stripping out the interest savings from last year's rights issue and the £30,000 to £40,000 currency translation gain on dollar earnings. The shares had gained more than 20 per cent in the three weeks ahead of yesterday's figures, which still contained enough good cheer to lift the price by 12p to 232p. Prillaman is responding to treatment better than expected, helping to lift U.S. operating profits to 25 per cent of the total, while an 11 per cent gain in UK sales suggests that the group has added three or four points to its market share at home. The dollar's strength has clearly helped by *hampering U.S. imports, yet the* group has also been breaking fresh ground by moving towards higher value added products with an emphasis on providing packages of chemicals for specific industrial needs. The only provisos are that many competitors are following a similar strategy — though not so profitably — and that the scope for margin improvement looks limited in a crowded market. Nonetheless, at least £3.7m pre-tax looks in reach for the year, leaving the shares on a reasonable earnings multiple of 17.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Asprey ....int.	7	Jan. 28	6	—	17.5
A. G. Barr	5.75	April 9	5	7.5	6.75
Carclo Eng. ....int.	3.5	Feb. 22	2.6	—	8.6
Ellis & Everard ......int.	2.5	March 11	2.27*	—	5.9*
F. H. Tomkins ......†int.	0.78	April 9	0.64	—	1.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Carclo ahead 28% midway

ON SALES 13 per cent higher at £17.65m in the six months ended September 30 1984, Carclo Engineering has lifted its profit before tax by 28 per cent, from £1.09m to nearly £1.4m; and it is raising its interim dividend from 2.6p to 3.5p per share.

Group activities cover the manufacture and merchanting of card clothing, speciality wire and engineering products. The result reflects a continuation of improvement in profitability, following a record order intake during the third quarter of 1983-84.

Profits in India were lower, but the UK and Europe both produced improvements.

For the year ended March 31 1984 the group saw the result of major reorganisation and made profits of £2.9m from a turnover og £34.3m. The final dividend was 6p and the directors are forecasting at least maintenance of that amount for the current year.

Order books remain at a high level and most of the group's customers continue to enjoy *good trading condtions.*

In the half year operating profit came to £1.61m (£1.36m) and interest payable showed little change at £368,000. Tax takes £652,000 (£482,000) and minorities £38,000 (£54,000), *leaving the net profit at £706,000* (£557,000), with earnings being shown at 14.5p (10.8p) actual and 11.6p (9.3p) fully diluted.

Asprey up £275,000 in first six months

FIRST-HALF pre-tax profits of *Asprey and Co rose by £275,000* to £3.3m and with current trading buoyant the company expects figures for the full year to end-March, 1985 to compare favourably with last year's £6.21m.

The interim dividend is being increased from 6p to 7p net per 25p share, but as in previous years the final will be determined in the light of the full results—a total of 17.5p was paid for 1983-84.

Turnover for the opening half year declined from £15.77m to £13.26m. The group is a goldsmith, silversmith, jeweller, antique dealer and interior decorator.

Earnings per share came *through at 27.88p (26.33p) after* taking account of a £182,000 rise in tax to £1.54m.

In his last year's statement Mr John Rolls Asprey, the chairman, anticipated a reduction in trading levels for the first half *year but indicated that he was* optimistic for the full year.

● comment

Given the hesistant start to the year, these first-half figures *from Asprey are encouraging.* The reasons fo the unexpected late rally are difficult to pinpoint exactly as trading in this upmarket end of the jewellery business is highly volatile, dependent as it is on a narrow *market of big-spending* customers. Clearly, though, the weakness of sterling has been a contributory factor, attracting as it has to its main Bond Street premises a goodly number of free-spending American tourists whose appetites have been whetted by the new branch opening in New York's Fifth Avenue. The U.S. opening, which has still to wash its face, is part of a broader strategy by Asprey to diversify a customer base biased towards Middle East purchasers. Aside from the U.S., the company is also looking to the Far East through the new Hong Kong franchise. The healthy £13m cash sitting in the balance sheet means that this expansionist plan has plenty of flexibility. The new optimistic tone suggests that this year's pre-tax outcome could reach £7m. After tax at 34 per cent, the prospective p/e is 12.5 at *925p, up 25p, a rating which* seems about right given the closely held nature of the shares and the historically low yield.

M & G chief's fears over City shake-up

Mr Andrew Caldecott, chairman of M & G Group told shareholders in his amual statement of his concern at the changes taking place in the structure of the City, and their effect on the consumer.

The speed with which changes were being introduced and the apparent lack of appreciation of some of the consequences was of considerable concern to consumers. He foresaw conflicts of interest within the conglomerates emerging as a result of the changes which would be difficult to reconcile.

He expressed the hope that the new proposed regulatory authorities would be adequate to cope with these conflicts. Otherwise he saw no alternative but to create the equivalent of the U.S. Securities Exchange Commission with the resultant destruction of the flexibility *and swiftness of action which* have been the City's hallmarks.

Mr David Hopkinson, managing director of M&G, compared the performance of the Group over the past five years — with an annual growth rate in earnings of 25 per cent and 27 per cent in dividends — with the strategic objectives of 10 per cent growth in real terms.

M & G Investment Management had another active and successful year with funds under management rising over 25 per cent. Investment overseas has been growing steadily and in 1984 accounted for 25 per cent of total funds.

The value of unit trusts *showed* another substantial increase during the year

Tootal

Entrad, the Australian textile *company, said yesterday it had* sold a further 350,000 shares in Tootal, the UK textile manufacturer, reducing its stake to 6.8 per cent.

Entrad, which built up a stake of 12.8m Tootal shares in *November, announced last week* that it had sold 400,000 of them —prompting speculation that it might be trying to lower the price before buying more.

However, Tootal, which has expressed concern over the stake *build-up, said yesterday that its* steadily rising share price over the last year was "well supported by improved profits and encouraging prospects." The shares closed at 60½p, up ½p.

Tomkins doubles profits and is poised for growth

AFTER AN "excellent" first half which saw taxable profits more than double, Mr M. R. *Moore, the chairman of F. H.* Tomkins, says that the company is "poised for further growth both organically and by acquisition."

The result for the six months to October 31 1984 was £1.22m *against £555,000, an increase of* some 19 per cent. The chairman says, however, that improved monthly management accounting procedures have made the interim figures more accurate, and as a consequence, *the midway rate of growth is not* necessarily indicative of the full year outcome.

In view of these "best ever" interim results, the directors are to pay an *interim* dividend of 0.775p net per share, up from *0.635p. Earnings per share rose* from 1.499p to 2.929p.

As regards current trading, Mr Moore says the Buckle subsidiary continues to perform well, and the industrial fastener companies remain healthy.

Ferraris Piston Service, acquired a year ago, made an "excellent" first time contribution to interim profits.

In the last full year, the group —a *distributor of* industrial fasteners and motor components —turned in record *taxable* profits of £2.37m, and paid dividends totalling 1.8p.

Sales for the half year were up by nearly £6m at £16.04m, producing trading profits at £1.47m against £745,000. Interest charges reduced this by £255,000 (£187,000).

Tax accounted for almost £300,000 more at £463,000, to leave £756,000 (£387,000) available for distribution.

Acceptances of the offer for Hayters, a grass-cutting machinery manufacturer, now exceed 90 per cent.

The add that the recent £3m share placing has strengthened the company's capital base, and *that the balance sheet is strong.*

Mr Jim Sanger has been appointed to the board

● comment

Investors who spotted exciting *possibilities in Greg Hutchings'* arival at F. H. Tomkins some 18 months ago have not been disappointed. His aim is to build a broadly based industrial holding company, acquisition by acquisition, putting in Tomkins financial procedures and controls to improve the efficiency of sound but underperforming companies. Hayters, the grass cutting machinery manufacturer, is the latest to join the group and Hutchingsi s confident that with improved marketing and stricter control of working capital, Hayters will soon be generating the cash to help finance the next acquisition. As the company grows, the opportunities also *improve and with the arrival of* Mr Jim Sanger (who will run in the newa rivals) Hutchings says his head office team is complete and ready to tackle further oportunities. The market capitalisation at yesterday's share *price of 145p, up 2p, is £40.6m.* Pre-tax profits for the full year to April shoulds how a further up from £2.37m which puts the, improvement to around £3.25m, up from £2.37m, which puts the shares on a PE of 19.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Brasway, Mountleigh.
Final: Winterbottom Energy Trust.

FUTURE DATES

Interims—

Atlantic Assets Trust	Jan 18
Banks (Sidney C.)	Jan 15
Bromsgrove Casting and Machining	Jan 15
Dowty	Jan 17
Group Investors	Jan 15
Hollas	Jan 9
Independent Investment	Jan 17
Racal Electronics	Jan 23
Real Time Control	Jan 21

Finals—

Countryside Properties	Jan 15
Guinness (Arthur)	Jan 15
Rentokil	Mar 21
Standard Securities	Jan 16
Whewey Watson	Jan 11

Berkeley and Hay Hill reduces losses and current borrowings

IMPROVEMENTS BY its property and hotel activities *together with a £27,000 cut in* interest charges to £163,000 enabled Berkeley and Hay Hill Investments to reduce pre-tax losses from £182,000 to £123,000 over the first six months to June 30 1984.

Since the end of the period shareholders have approved both the acquisition of Fitzgerald Enterprises and a rights issue at par.

The directors say these transactions have reduced current borrowings, and hence debt servicing costs, and *significantly* increased the size of the property portfolio.

The group's headquarters have been moved to Stoke-on-Trent and the management of proper*ties is now being undertaken by* the company instead of being sub-contracted to agencies.

The beneficial effects of these changes will become apparent to shareholders in the current year.

The directors hope that it will be possible to obtain valuations of the group's properties for the 1984 annual report.

It is their intention to publish the results more quickly than has been the case in the past and to keep shareholders better *acquainted with developments* in the company.

In this context the contract for the sale of the flats in Chelsea for completion in March 1985 has been signed for a consideration of £610,000 which will realise a profit of £80,000 compared with a valuation on June 19, 1984.

First-half turnover totalled £553,000 (£490,000). Pre-interest property profits amounted to £6,000 (£1,000) with those of the hotel at £34,000 (£7,000).

The four-for-seven rights issue announced last November to raise some £1.7m net has been taken up in respect of 14.1m shares.

The company's 10p shares are traded on the USM.

Assd. Furniture to fund purchase via £0.4m issue

BY WILLIAM DAWKINS

Asociated Furniture Holdings, a Rotherham-based office furniture maker, is planning to raise £401,000 net to expenses.

Harvard Securities, the licensed securities dealer, is offering for sale on the over-the-counter market 3.48m shares at 23p each, capitalising the group at £2.32m. The issue is to *finance the £290,000 acquisition* of Kudos, a producer of free-standing office screens, with the £110,000 balance of the proceeds to provide further working capital.

Kudos was founded four years ago by Mr Alan Arnold and Mr Anthony Cole, who are respectively the chairman and technical and design director of Associated Furniture. The other main subsidiary is Logic, a contract *furnisher*, which began trading in 1982 and started to make its own furniture range last May.

There is no formal profits forecast, but the directors consider that the enlarged group could make £410,000 before tax in the year to next December, including a £261,000 contribution from Logic. That would put the offer price on a projected earnings multiple of 8.2 after a 30.5 per cent tax charge. The directors are selling 1.21m shares, worth £278,000 at the offer price.

Investments in the group will qualify for tax relief under the Busines Expansion Scheme.

● Investors are being asked to put up £307,800 to finance the expansion of Associated Innkeepers, an operator of public houses which started trading last March.

Stockbrokers Buckmaster and Moore are offering for subscription up to 61,560 ordinary shares at £5 each. Investments in the group qualify for tax relief under the Business Expansion Scheme.

Associated Innkeepers currently runs three public houses in West Mersea, Brighton and Worthing, and plans to obtain an additional six to seven establishments annually in the next few years. It is forecasting that losses after tax for the 13 months to next March will not exceed £30,000 and that after-tax profits wil reach at least £25,000 in the following year.

Applications must be for a minimum of 200 shares in multiples of 100 shares.

Mixed showing for Refuge

THE LOSS of Life Assurance Premium Relief (LAPR) in last year's Budget curtailed new life business in 1984 of Refuge Assurance in its ordinary branch.

However, business in the industrial branch held up well, while its unit-linked business moved ahead strongly.

New annual premiums in the ordinary branch dropped nearly 10 per cent, from £5.19m to £4.69m. A near 60 per cent rise in self-employed pension annual premiums from £508,000 to £800,000 failed to offset a near *17 per cent decline in life* annual premiums from £4.68m to £3.89m.

This drop reflects the loss of LAPR and the buoyant mortgage-related market in 1983 following the introduction of Miras. Single *premium sales in the ordinary* branch halved from £467,000 to £240,000.

New annual premiums in the industrial branch fell only marginally from £12.79m to £12.47m —reflecting an underlying *growth of over 10 per cent.*

The company's recent entry into the unit-linked life sector continued to prosper in 1984. New annual premiums more than doubled from £152,000 to £350,000 despite the loss of LAPR and single premiums advanced from £4.38m to £13.76m.

● The Provident Life Association of London, a member of the Winterthur Swiss Insurance Group, recorded a 4 per cent drop in new annual premiums in 1984 from £5.63m to £5.40m, offset by a 17 per cent increase in single premium business from £3.85m to £4.52m.

New annual premiums on life business fell marginally from £4.59m to £4.50m. A 30 per cent *decline in traditional business* from £4.14m to £2.93m was largely offset by the success in unit-linked life business with annual premiums rising three and a half times from £443,000 to £1.57m.

The launch of the new linked life bond, Plusbond, in November contributed towards a record £561,000 of linked single premiums compared with a minimal amount in the previous year.

New individual pensions annual premiums rose 17 per cent from £519,000 to £606,000, the new linked pension contract launched in October being well received by the market.

A. G. Barr drops to £3.2m but lifts final

A. G. Barr, the Glasgow-based soft drinks manufacturer, suffered a fall in pre-tax profits from £3.59m to £3.17m in the year to October 27 1984, on virtually unchanged turnover of £34.72m, against £34.79m. First-half taxable results were down from £686,000 to £655,000.

However, in spite of the reduction in profits, the final dividend is raised to 5.75p (5p) net for a total 0.75p higher at 7.5p. Stated earnings per 25p share dropped from 34.51p to 31.19p.

The directors say competitive conditions induced by the changing pattern of trade, plus uneven economic conditions in the UK, have made it very difficult to obtain increased sales at a reasonable profit margin and have prevented the company from raising price levels to reflect the increased costs.

The price of sugar has been stable thanks to high EEC stocks and one cost advantage has been a reduction in the overall price *of PET bottles through the intro*duction of the company's own bottle making plant at Atherton, near Manchester.

Turnover in the current year is very marginally ahead, but the directors note that the company *will need to assess how best to* meet the demands of the changing market place and take appropriate action.

Anticipated sales of surplus depots have enabled Barr to restrict net budgeted expenditure on fixed assets to just under £1.5m for the year to October 1985.

The directors report that the reduction in sales, particularly in England, of large returnable bottles in favour of increased sales of PET containers reflects also the increasing proportion of trade now passing through multiple grocers at the expense of the corner shop.

The summer weather last year was above average, but the advantage was restricted by the lack of exceptional temperatures of July and August in 1983.

The effect of the miners' strike on soft drinks sales in specific areas was also noted.

The year's pre-tax profits included interest received of £269,000 (£144,000). After tax of £1.2m (£1.41m) and an extraordinary credit of £183,000 last time, the net balance emerged at £1.97m, against £2.36m.

McCarthy and Stone

ACCEPTANCES HAVE been received for £15.9m nominal (95.42 per cent) in McCarthy & Stone in connection with the rights issue of £16.67m nominal 7 per cent convertible unsecured loan stock 1999-2004.

The remaining £763,168 nominal of the loan stock has been sold in the market at an average net price of £13.15 per £100 nominal of the stock.

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UK COMPANY NEWS

Gregory seeks second reduction in value of Glanfield takeover

BY CHARLES BATCHELOR

Gregory Securities, the investment company headed by Mr Jim Gregory, chairman of Queens Park Rangers football club, wants to make a second reduction in the value of its takeover bid for Glanfield-Lawrence, the North London motor dealers.

Gregory has already been given permission once by the Takeover Panel—at the beginning of December—to cut the value of its bid to 49½p per share from 55p per share.

At 49½p the Gregory offer values Glanfield at £2.62m. Glanfield's shares are currently suspended from Stock Exchange trading at 52p.

Mr Michael Warwick, managing director of Glanfield, said: "It is our understanding from talking to the Takeover Panel that Gregory has tried to make a very strong case for the Panel to think again.

The Panel said yesterday only that it expected to make a statement later this week. The Panel previously set a December 19 deadline for Gregory to make its 49½p bid but this deadline was lifted to allow further discussions to take place.

Mr Warwick said Glanfield had told the panel that Gregory had been in possession of all the information regarding its performance for some time and there was no reason for a "re trial."

Glanfield spent £100,000 in 1984 on legal ond other fees to put its case to the Panel. These resulted from both the Gregory approach and an earlier approach from Bajau, a company conected with Mr Christopher Selmes.

Mr Warwick said independent shareholders would have the right to wonder what was happening if the panel now declined to require Gregory to go ahead with its bid.

Glanfield initially forecast that it would make pre-tax profits of not less than £250,000 in 1984, but is now expected to do only slightly better than break even at the pre-tax level in 1984 while it would also make an extraordinary loss—including the legal expenses—of £225,000.

Dispute at Hobson is being taken to court

By William Dawkins

AN ACRIMONIOUS boardroom dispute at Hobson, a Cheltenham-based maker of aluminium flat dies, is due to be taken to the High Court today.

Mr George Nicholson, the group's former managing director, is applying for an injunction, due to be heard today, to reverse the board's decision just before Christmas to suspend him with full pay from all executive duties for two months. He claims the move was unconstitutional.

Mr Rodney Harnett, Hobson's chairman, yesterday declined to comment on the reasons for Mr Nicholson's dismissal, beyond saying that the board had considered it in the best interests of the company and its shareholders.

Mr Nicholson says the row centres on his position in negotiations with Kobe Steel of Japan. He is supporting a deal whereby Kobe would pay £50,000 to take Hobson processing equipment for a year's trial, with a view to forming a joint venture later.

He has called an extraordinary meeting for February 7 to press for the dismissal of his three co-directors: Mr Harnett, Mr David Stewart, the technical director, and Mr Patrick Brenan, a former finance director of the Hambros merchant banking group. Mr Stewart is the co-inventor with Mr Nicholson of Hobson's cost-saving process for making aluminium extrusion flat dies.

Hobson, which was admitted to the USM last June, saw its share price drop yesterday by 2p to 21p.

Management buy-out at Wades Stores

A £20m management buy-out of Wades Department Stores from its parent company, Associated Dairies, is likely to be finalised by the end of the month.

The deal is being put together by the venture capital arm of Citicorp, the U.S. bank, which plans to take a minority equity stake in the new company.

Wades, which operates more than 60 shops and employs some 1,200 people, has been a dull performer in recent years, recording operating profits of just £1.4m last year on turnover of £51.5m. It is expected to show a loss for the first six months of this year when Asda reports its results tomorrow.

Wades has been rationalising over the past year, closing old stores and opening new ones in prime positions. The management buy-out team intends to continue this process.

One new senior executive from outside the company is expected to join the management team.

Croda buying soap maker from Dunhill for £2.75m

CHEMICAL processing group Croda International is spending £2.75m on the acquisition of Richards and Appleby, a soap manufactuer, from Alfred Dunhill, the luxury consumer products group.

The purchase is being funded by a vendor placing of 2.33m new Croda shares, issued to Dunhill but placed on its behalf by Croda's stockbrokers.

Croda already has a private label soap maker, Standard Soap, within its consumer products group. Richards and Appleby, which will retain existing management, has net tangible assets with a book value of £1.7m and had pre-tax profits of £0.44m on sales of £4.8m the year ended March 31.

The sale by Dunhill is in line with its policy of concentrating on merchandising and marketing rather than manufacturing. It will use the proceeds to develop these activities.

In September, Croda bought 80 per cent of Kolmar, a Swiss-registered private label cosmetics manufacturer, for £6.3m. Kolmar is a supplier to Marks and Spencer.

Godfrey Davis pays £1m for Beeline units

Godfrey Davis (Holdings) has expanded its Rent-a-Unit portable buildings side by acquiring further units from Beeline Systems for £1m. The purchase, the first by the new division, adds to its UK depot network and expands coverage in London and the north of England.

Rent-a-Unit was acquired last October from D. J. Wraith, of Scunthorpe for £2m.

Godfrey Davis said it plans a further acquisition, aimed at establishing a nationwide network hiring out the units, which range from toilet blocks to suites of air-conditioned offices.

Mr David Wraith, who remained as head of the division after the October takeover, said: "The Beeline deal will increase our earnings potential and the division will make a useful contribution to Godfrey Davis's future profits. Our aim is to become the largest portable buildings hire company in the UK within the next two years."

Stone in £1.2m UK deal

BY GORDON CRAMB

Stone International, the former Stone-Platt subsidiary, has made its first UK acquisitions since a management buying rescued it from the collapse of the parent group in the spring of 1982.

The two businesses taken on in a £1.2m cash deal announced yesterday are themselves in receivership. They are Danks of Netherton and Danks International, manufacturers of large-shell industrial boilers and pressure vessels with sites at Netherton and Oldbury in the Midlands.

Stone—launched on the stock market last October—intends to combine the two into a new trading company called Stone Danks, which will form part of Stone's energy systems division, where the company has been seeking to expand. Stone's primary activity is making air conditioning equipment for railway carriages, in which it is the world leader.

Mr Bill Silvie, Stone International's marketing director, said yesterday that Stone would continue to look for acquisitions and, although these might come from abroad, "we believe there are opportunities in the UK too." Almost half Stone's overall activities are U.S.-based.

The company is keen to take on another electronic or light electrical business to add weight to the smallest of its three operating divisions.

Included in the purchase are the Danks businesses and the majority of their assets, of which the two manufacturing locations form part. In the year to June 30 1983, the last for which Danks published accounts, combined turnover was put at above £8m.

Phoenix Props. meeting snubs board changes

By Michael Cassell, Property Correspondent

SHAREHOLDERS in Phoenix Properties and Finance yesterday failed in a bid to oust two members of the board and to appoint three new directors.

An extraordinary meeting in London rejected moves, led by Mr Desmond Bloom, to vote Mr R. Brookes, the former chairman, and Mr M. R. Allen off the board.

Mr Bloom, who had the support of shareholders accounting for just over 20 per cent of the capital, also put himself forward as a director, along with Mr Martin Silverman, a partner with Morison Stoneham, the accountants, and Mr Martin Philips, senior partner of A. L. Philips, the solicitors.

All five special resolutions put to the meeting, attended by about 50 shareholders, were defeated.

At the end of 1984, Mr David Landau, a partner in Landau the Scanlan, the solicitors, was elected as chairman of Phoenix to replace Mr Brookes. Mr John Main, an associate with Montagu, Loebl, Stanley, the stockbrokers, also joined the board.

The newly-constituted board had called on shareholders to vote against the pboposed board changes.

Hillards' shares jump 18p

THE SHARE price of Hillards, the Yorkshire-based supermarkets chain, jumped 18p to 382p yesterday as persistent bid rumours were rekindled in the market.

The company, however, said it was unaware of any reasons for the rise. "There's nothing that we know of that suggests anything untoward is happening," it said. Jobbers dealing in the company's share were said to be short of stock.

Hillards, now in its centenary year, has grown rapidly since going public in 1972. It has over 40 stores of which 29 are large supermarkets in Northern England and the Midlands. In the year to end-April 1984, it had pre-tax profits of £6.8m on sales of £233m. Yesterday's closing price valued the company at £89m.

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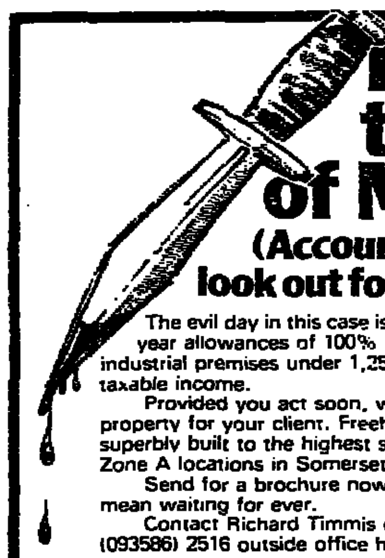

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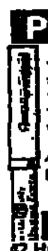

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Merger of Apex and Clydesdale

Announcement of Proposals
On 28 November 1984 an announcement was published in the Press regarding proposals for the merger of Apex and Clydesdale.
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Notices convening the scheme meeting of Apex and general meetings of Apex and Clydesdale to be held on Thursday 31 January 1985 for the consideration of the necessary resolutions to enable the proposals to be implemented were today posted to the members of Apex and Clydesdale, together with an explanatory circular.
Johannesburg
8 January 1985

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US$20,000,000 FRCD
DUE 13th FEBRUARY 1986

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Condition 5 of the CD's, the Bank will redeem all outstanding CD's at 100% of their principal amount on 11th February, 1985 when interest of the CD's will cease to accrue.

Repayment of principal will be made against presentation of the CD's, through the medium of a Recognised Bank in the United Kingdom at the said London Branch, by draft or telegraphic transfer on New York.

THE NIPPON CREDIT BANK LIMITED
8th January, 1985. London

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HAMBROS BANK LIMITED

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Bids will be opened on Tuesday 12th February 1985 at 12.30 hours at the Administrative Offices of the Organisation at 8 Thrakis Street, Trahones, Athens 174 56.

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Ch. Smyrlis-Liakatas
Vice President of the
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Athens
28 December 1984

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EXTERNAL CONTRACT SECTION

EXTENSION OF THE CLOSING DATE OF TENDER No. 1540

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The General Director of PEE
Eng. R. Idriss

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THE MANAGEMENT PAGE: Small Business

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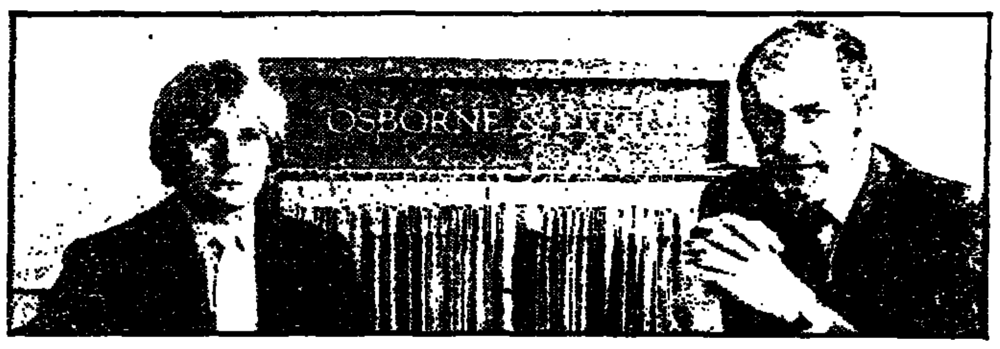


Sir Peter Osborne (right) and Antony Little: resolving a marketing conflict

Treading a fine line

William Dawkins on Osborne & Little's quest for exclusivity

WHEN SIR PETER OSBORNE became disillusioned with his *merchant banking job 16 years* ago, he dreamed of opening a small antiquarian bookshop.

In a startling example of how many entrepreneurial plans can *produce entirely unexpected re*sults, he is now chairman of a £2.9m turnover per year interior decoration company which plans to join the Unlisted Securities Market *next month* and which has become a household name among the upwardly mobile professional middle-classes.

The growth of Osborne and Little, *which* sells upmarket wallpapers and fabrics from its Kings Road, Chelsea shop in London and through 35 design showrooms in the UK, owes *much to its creators' ability to* tread a fine line — so far at any rate — between maintaining an exclusive image and appealing to a commercial market *place.*

And that is linked to the group's success in correctly identifying the mood of its customers at a time when high quality interior design has achieved a growing importance among well-to-do property owners. By reinterpreting and modernising the opulence of the late 19th century, Osborne and Little has created a distinctive style which appeals to a narrow but high spending market, and *is being constantly updated.*

But despite the group's design success, its path to fortune almost led it up a corporate cul-de-sac, and the way ahead looks *far from certain.* Above all, Osborne and Little's ability to produce the kind of growth which public *shareholders will* come to expect depends on *whether it can expand its sales* base without losing the exclusivity on which it has thrived.

Already, the group has run the risk of creating a major marketing conflict. Last August, it agreed to design a range of 10 fabrics and wallpapers for Marks and Spencer, currently being sold in 25 M and S stores under Osborne and Little's name. The range will be avail*able in 100 stores in the spring,* and the group is already collecting a "substantial" royalty income.

Yet the deal was greeted with mild amazement by some of Osborne and Little's competitors and with a degree of resentment by some customers who feared that the upmarket image of a product for which *they had paid accordingly was* now to be diluted.

Sir Peter concedes: "It was *possibly* a mistake putting our name to the M and S range, because it does mean that our customers could go to M and S and get it cheaper instead of *going through our showrooms.* There is no reason why we should not design for other people, but in future we have decided to do it on an unattri*butable basis.*"

When Sir Peter started out in 1968, he was lucky to have a ready source of cash, a financial training, and most important, an ideal partner — Antony Little, his brother-in-law *and a recent graduate from the* Kingston School of Art. Aged 26, the softly spoken, bearded Baronet had spent a year immediately after graduating from *Oxford working for the mer*chant bank, Singer and Friedlander. "I didn't particularly enjoy that. It just wasn't the place for me," he recalls.

A career in the book trade appeared to be the answer until Sir Peter met Little, who had built up a name for himself as a specialist interior designer through occasional one-off commissions for rich individuals and even for Biba, the glamorous, but ultimately *ill-fated, retailer. There seemed* to be scope to apply Little's design ideas into building up a range of silk-screen printed wallpapers which could be *sold from stock.*

So Sir Peter raised £4,000 from two friends and his half-brother, John Aspinall, chairman of the eponymous USM-quoted operation, and opened a shop in Old Brompton Road. *Aspinall originally put in £1,500* and now owns 9 per cent of the shares in a group which is likely to be capitalised at between £5m and £10m.

At first, Osborne and Little relied on word of mouth to spread its reputation. "It took us several years to cotton on to the idea that you should put your paper into a pattern *book* and send it to showrooms," says Sir Peter.

But by 1973, the pattern books had created enough business to justify moving into a larger shop in the King's Road, which remains the group's only independently owned outlet, apart from a trade showroom opened in Edinburgh a year ago. But the company was still a long way from approaching its present market.

"*In some ways it was a cosy* existence," says Sir Peter. "With contract work, people always paid up front — or we made them — and we were almost seduced into thinking that this was the right area to expand because it was so good for cash flow."

It did not take much to see, however, that there was a much larger potential market for wallpaper sales, and that if Osborne and Little ever wanted to be more than a tiny contract design company, it would have to reduce that deceptively attractive dependence on commission work and go for growth.

"We were quite happy to do it—it was just a question of whether we could afford it," says Sir Peter. In the event, the group funded its next expansion from cash flow and moved into a small facory in Brixton in 1976, where it started its own silk screen printing—as opposed to subcontracting the work—for the first time.

The possibilities of just one part of the wallpaper market had been highlighted just a few months after the first shop was opened, when a representative of Clarence House, the U.S. *wallpaper and fabrics* group, appeared at the shop and placed a £10,000 order—"pure serendipity," maintains Sir Peter. Clarence House is still the group's *distributor in the U.S.*

A move into a small factory in Brixton in 1976 also took Osborne and Little into fabric design for the first time. Fabrics currently account *for 45 per* cent of group sales, but production is sub-contracted. Four years later, in 1980, the pair were faced with a familiar decision: whether to go for a broader market or remain in their safe, but restricted, area of hand-printed silk screen papers.

"We decided that there was no future in the £18-£20 per roll range. There was a market, but it was very small and fairly *static,*" says Sir Peter. Again funding expansion from cash flow and bank borrowings, the group moved into its present 4,650 sq metres headquarters in Clapham, where it installed a £100,000 flexographic automated wallpaper printer, capable of producing 2,000 to 3,000 rolls daily.

With its present two machines, Osborne & Little produces about 285,000 rolls annually, which gives it less than a one per cent share of the non-vinyl wallpaper market, although its share of its specialised sector would be rather bigger, even if difficult to define. However, the group's diversification away from silk screen printing, which still plays a role, brought it into direct competition with larger players like Sanderson, Laura Ashley and Liberty.

Osborne & Little's papers cost on average 15 per cent more than Sanderson's. However, the market seemed to appreciate that the premium represented a special, but affordable, quality. Profits correspondingly climbed steadily to reach £305,011 before tax last year on sales of £2.9m and £264,145 in the first six months to September 1984.

Aware of the risks of being unable to handle the physical growth which diversification *had brought,* the group installed a computer two years ago, which gives instant warning when any paper or fabric stocks fall below set levels, and *which produces monthly man*agement accounts. In one sense, therefore, Osborne & Little has combined a design expertise that has won a shelf-full of industry awards, with a hard-headed commercial approach.

The M&S deal might come to bring the latter quality into question if it comes to damage the group's own independent sales. But it is not the only area being considered for the next step of expansion. A range of bedlinens has recently been launched, and Osborne & Little is thinking hard about other furnishings.

Making the best use of a precious resource

The HOW TO of...

MANAGING YOUR TIME

EVERYBODY wastes time. Reducing this waste in any small business is critical because the owner-manager usually has too much to do anyway, however much time is available.

The first rule of successful time management, therefore, is to accept that there will never be enough time. There is nothing like shortage to encourage efficient use of a precious resource, so start by comparing time with water in a drought. Uncaring, heedless waste is criminal; inadvertent waste is stupid.

In many small businesses people work flat out all day — and often well into the night — but always feel up against it. Hiring more staff or buying time-saving machinery will not necessarily ease this feeling if time is being mismanaged in the first place.

Start by adopting the motto: "Work smarter, not harder." The first step then is to keep a log of how your time is actually spent. Use your secretary, getting her to adopt a fly-on-the-wall role for a few days to note what you do and how long each task takes. She should keep a parallel log of her own activities at the same time.

One value of doing this is that it will also highlight the working relationship between the small business manager and his secretary. Managers who waste time usually have underused secretaries who pass unproductive hours waiting for work which, when it comes, then has to be done in a great rush. Managing time better will usually lead to a more efficiently employed secretary.

The log must include everything, whether it is "work" or not, such as meal and tea breaks, social phone calls (made and received), chatting, meetings (scheduled and impromptu), or search*ing for materials or docu*ments.

Analysis will then reveal the major timewasters. Some universal nuggets will almost certainly emerge from the exercise, such as the fact that unless you impose order, there will be a drift towards chaos, with time wasted because energy becomes dissipated in a random direction or is squandered on less important tasks.

How this drift to chaos manifests itself in managerial life is in things like untidy desks, where retrieval of information wastes minutes that soon accumulate into hours. Interruptions also waste time, stopping activi*ties in their tracks,* with an ensuing warm-up or adjustment needed to get them going again.

The log should also reveal how subject you are to the tyranny of the urgent and the telephone. There are few important things in life that are also genuinely urgent, yet it is the urgent that usually stops us spending time on the important. "Urgent" matters disrupt efficiency. Analysis usually *reveals that they have only* become urgent because of poor planning.

Planning is in fact the key to managing time well. It forces examination of what work has to be done and the ordering of priorities. It should be done for several time-scales — *three-monthly,* monthly, weekly and daily. The longer-term plans will merely lay down how much work needs to be done by such and such a date, but weekly plans—do them on Fridays to avoid a cold start on Mondays—should be the backbone of business activity.

Daily planning should take five or 10 minutes with your secretary each morning. The good time manager will delegate as much routine work as *possible* to his secretary and use her to fend off interruptions that are not genuinely urgent. Fears that this might lead to bureaucratic inaccessibility can be scotched by building into each day "free" periods in which phone calls can be returned or people get in to see you.

Plan your tea and lunch breaks too to provide changes of pace in each day, lest staleness tempts you to un*scheduled,* time - wasting "walkabouts" and chit-chat. Get yourself right and then you can encourage smarter working throughout the business. But if you behave casually, remember that so may everyone else.

I. H. F.

Why Sapling North West favours a buy-back clause

ALAN PAYNE offers an unusual, if somewhat restrictive view of how to define a small business: it is anything needing less than £100,000 to start up or expand. This means that in his book much of Britain's venture capital industry is useless for the majority of small companies.

"There are 60-odd sources of venture capital in this country," he says. "Most aren't interested in investments of less than £200,000. The reason is economics: it takes as long to investigate a business wanting £50,000 as it does one wanting £500,000. Yet it is undercapitalised businesses needing less than £100,000 that we need to help most."

Payne runs Sapling North West, which manages one of the few funds aimed entirely at this market. Unusually, but *probably because of abnormal* local circumstances in the wake of the Liverpool's Toxteth riots, the fund was started with government help via the old British Technology Group in 1982. Last month it was relaunched with £1.35m of new money to expand from its Merseyside base into the whole of Lancashire.

Most of the new backing has come from Lancashire County Council's superannuation fund and the country's profit-making job creation company, Lancashire Enterprises. Each put up £500,000, which then helped attract £350,000 of pri*vate sector support from Royal* Life, Royal Insurance and the Church Commissioners.

Payne says that other support for the Lancashire and Merseyside Investment Fund is on the way. He expects it to rise to £4m by the end of the year.

The relaunch has helped the Government to disentangle itself — its part in the new fund will be two small bank guarantees carried forward from the original fund's six investments.

Rather than just going for return on investment, Sapling's approach under Payne has been to devise a means for the fund to get its money back with pro*fits as early as possible so that* yet more is available to put into other growing companies. His backers are hoping that this will have a snowball effect in assisting small business expansion *in* pockets of high unemployment in the North West.

Whereas most funds take equity and leave the money in, Sapling makes the small business sign a buy-back clause. This means that any time after four years the business can buy the fund out, so that total ownership reverts to the now successfully expanded business.

Provided agreed minimum standards of performance have been achieved, the buy-back price is obtained by multiplying Sapling's share of the equity—usually 25 per cent—by the retained profits. If a company is *growing rapidly,* it will pay the majority shareholders to buy Sapling out as soon as they can and before the company becomes highly profitable.

Payne says that the arrangement also overcomes the reluctance of entrepreneurs to surrender equity in exchange for funding, since they can soon get it back. He thinks this reluctance is a major obstacle to small business development because it leads to over-borrowing, with all the weakening effects of poor gearing and high interest payments.

Sapling keeps down administrative costs by employing only Payne and his secretary full-time, with a secondee from Kidsons, the accountants, coming in for 1985 to help with the fund's expansion. It then hires help on appraisals and managerial strategy—at a cut price of £200 a day—from one *of its own shareholders,* the Manchester consultants Collinson-Grant.

Ian Hamilton Fazey

هكذا في الأصل

FINANCIAL TIMES SURVEY

Tuesday January 8, 1985

Air cargo is now one of the major growth areas of world civil aviation. Airlines increasingly recognise the contribution it can make to revenues, while shippers are also benefiting from the improved services being offered.

AIR CARGO

Two of 21 young giraffes, captured in Kenya, during their 8,500 mile journey on a Heavylift freighter to New York en route to a Florida zoo

Hard task to control rates

By Michael Donne
Aerospace Correspondent

THE RECOVERY in world air transport now occurring as the recession fades is influencing the cargo side of the industry as well as the passenger sector.

Most major airlines are reporting significant growth in both areas which is being stimulated both by the economic recovery and their own strenuous efforts to reduce costs and improve revenues. It now seems likely that the final figures for 1984 will show a substantial gain over those for 1983.

However, the expansion is being accompanied by fierce competition in cargo rates, which in some cases is forcing them down to uneconomic levels. Controlling this situation is likely to be one of the toughest tasks confronting the entire air freight industry—airlines, forwarding agents and shippers alike—in the period immediately ahead.

The International Civil Aviation Organisation, the aviation technical agency of the UN, reported that in 1983 air cargo carried by the airlines of over 150 member-states amounted to some 11.8m metric tonnes, or about 4.5 per cent more than in the previous year.

This showed a significant improvement over the near-zero growth rate recorded in the depth of the recession in 1980, and the decline of nearly 2 per cent recorded in 1981, and is indicative of the strength of the recovery that is now taking place.

An analysis of the overall pattern of air cargo growth during 1983 by the ICAO shows that the biggest increases (in terms of international freight-tonne kilometres) were recorded by the airlines of Western Europe, Asia and in the Pacific Basin (13 per cent each), followed by those of Africa and the Middle East (10 per cent) and North America (4 per cent). The airlines of Latin America and the Caribbean experienced a decrease of 5 per cent, reflecting the depressed economies of many of those countries.

Statistics emerging from various regions of the world for 1984 confirm that the recovery is strengthening. In the UK alone, the British Airports Authority has reported that during September there was a 31.5 per cent overall growth compared with a year earlier in cargo handled at its airports, with Heathrow, Gatwick, Glasgow and Aberdeen all showing increases.

All major markets saw increases, with the fastest growth being in westbound North Atlantic traffic as a result of the strong dollar and the sustained expansion of the U.S. economy.

For the 12 months to the end of September, the overall volume of cargo handled at the BAA's airports amounted to 719,600 metric tonnes, or 18.4 per cent more than in the 12 months to September 1983.

On the North Atlantic air route between North America and Western Europe as a whole, the overall volume of cargo carried in the first nine months of 1984 amounted to 820,573 metric tonnes, or 19.7 per cent more than in the comparable period of 1983.

The increase in westbound traffic was substantial at 31.0 per cent, to 467,996 metric gaining only 7.3 per cent to 352,577 tonnes.

Mainstay

Charter cargo services across the North Atlantic, once the mainstay of the business, had fallen to 25,722 metric tonnes, and that figure showed a rise of only 1.9 per cent on the comparable figures for the first nine months of 1983.

The BAA's figures, for the year to end-March last, show that out of total cargo handled at its airports of 652,140 metric tonnes, some 609,195 metric tonnes were carried on scheduled services—again mostly passenger services—with only 42,945 metric tonnes being carried on non-scheduled (all-cargo) operations.

Air Cargo is thus not just a vital element in the civil aviation business, but also in the overall trade of any country. For the UK alone, it is estimated that the total volume of air cargo handled by all the UK's airports in 1983, of 725,900 metric tonnes, was worth over £21.5bn, representing close to 17 per cent of all the UK's overseas trade.

Heathrow alone is now the busiest port in the UK, in terms of the value of the air cargoes that it handles, accounting for some 13.1 per cent of all UK overseas trade, and some 77 per cent of all UK airborne trade, worth about £16.6bn.

In the UK, however, the recovery in air cargo still has some way to go, since last year's total figure of close to 726,000 tonnes handled was still short of the peak year total of about 797,000 tonnes recorded in 1979. Moreover, the UK is still behind some Continental countries in the overall volume of airborne trade it handles, and considerable efforts are being made to rectify this situation, especially by the BAA.

Several factors are contributing to the overall world improvement. The most significant is the improving world economic situation itself, although it must also be stressed that even in the depths of the recession air cargo remained buoyant on some major world air routes while in some regions, such as South-East Asia and the Far East it was especially so.

Another factor has been the increased awareness by many big airlines of the major contribution to their revenues that cargo can make. Before the recession, many carriers tended either to ignore cargo, or did not realise its potential and relegated cargo operations to a minor status.

The desperate search for every conceivable means of survival during the economic holocaust that hit the airline industry focussed renewed management attention on freight, with the result that an hitherto largely untapped source of revenue began to be more vigorously exploited, and continues to be so. Few airlines, if any, will ever again make the mistake of ignoring the golden goose that lay slumbering on their doorsteps and some have become formidable cargo operators.

But probably the most significant reason for the growth in air cargo in recent years has been the changing pattern of air transport itself—the increasing use of wide-bodied passenger jet airliners with capacious bellyholds into which substantial volumes of cargo can be carried in containerised form at very low rates, the business often being heavily subsidised by the fare-paying passengers travelling in the cabins above.

With more than 1,000 wide-bodied jet airliners (Boeing 747 Jumbos, McDonnell Douglas DC-10s, Lockheed TriStars and Airbus A-300s and A-310s, and semi-wide-bodied jets such as Boeing 767s) now in service on medium to long-haul routes worldwide, virtually every major city in the world is either served directly by a wide-bodied jet operation in some form or another, or is close to another major city that has such services.

The result is that commodities that can be containerised for convenient shipment in the holds of wide-bodied jets can be carried across the world in little more than 24 hours, and frequently in much less time at very low rates.

This has revolutionised the air cargo business. It must be stressed, however, that the items carried still tend to be those that are of comparatively low weight and bulk with comparatively high value, making them suitable for containerisation, although speciality products, such as perishable foods and fashions, and even flowers, also figure strongly in the list of air cargo products.

Bulky items, such as machinery, still are the province of the specialist all-cargo aircraft, of which many remain in service, but the great proportion of all air cargo traffic is now carried in the holds of passenger aircraft.

But the expansion in traffic is not without its problems. As with passenger fares, the cargo rating structure throughout the world airline industry has been, and is still, under considerable pressure. Reductions in rates in recent months on many routes in bids to stimulate business have undermined established tariff formulae.

In some parts of the world, as with passenger fares, IATA—agreed cargo rating structures are jeopardised by some airlines, with the tacit approval of their governments, which undercut the competition with the result that cargo is often carried, along with passengers, at uneconomic levels.

Long term

While this may appear immediately attractive to some airlines, shippers and agents, to most of them it is a matter of concern, for the long-term future stability and orderly expansion ofthe air cargo industry depends upon the maintenance of a stable, albeit competitive, rating structure, worldwide.

It is possible that if this situation continues, a time may come for a shake-out of the world air cargo business which some of the financially weaker, or less-experienced participants may not survive.

The growing diversity of air cargoes, and the speed with which they can be shipped from producer to ultimate consumer, is also changing consumer habits in many countries.

When no single point on Earth is more than a day or so away from any other by air—with journeys in most cases only a few hours—it is not surprising that many of those beautiful bouquets of flowers seen in London hotels and restaurants were shipped only the day before from as far afield as Colombia, while exotic fruits, wines and other items are coming to the UK speedily from as far afield as Australia, South Africa and California, challenging both in quality and price many existing suppliers closer to home.

It is this speed of shipment (coupled with the low rates that can be offered because the cargoes can be to some extent subsidised by the passenger revenues earned by the aircraft concerned) that is attracting many new shippers to air transport.

The consequent growing need to advise producers of what is available in the air cargo business, and to find the cheapest and speediest methods of shipment, has generated an increasing demand for the expert services of the freight forwarders, the agents who can not only take the whole problem of shipment off the producers' back, undertaking collection, containerisation and delivery, but also maintain a constant watch on the market, and seek out the best prices for their clients.

Freight forwarders have always been a vital element in the air cargo business, but they are now becoming an even more significant factor as the recovery strengthens and the air cargo war intensifies.

Another comparatively recent development in the air cargo market, but which is now probably the fastest-growing sector of the entire air cargo field, is the emergence of the courier services. These specialists handle time-sensitive items such as contract tender documents, cheques, bills, credit card slips, and valuable items such as bullion. They offer a high-speed, high-security operation at highly competitive rates.

These services make use not only of the cargo holds of passenger aircraft but also the passenger cabins themselves, despatching couriers who personally escort valuable items across the globe.

The unreliability of conventional postal services in many countries has been a particular factor encouraging the development of courier services but their growing success is probably due more to the very high

CONTINUED ON PAGE 2

Leading European cargo airports

	Cargo (tonnes) 1983	Per cent change on 1982
Frankfurt	649,200	+ 7.5
Paris (Charles de Gaulle	497,900	+6.3
Heathrow	469,700	+ 7.0
Amsterdam	370,400	+16.9
Zurich	179,800	+ 7.0
Paris Orly	164,300	+ 5.7
Rome (Fiumicino & Ciampino)	161,900	+10.1
Madrid	153,900	+ 0.8
Copenhagen	141,500	+ 1.8
Brussels	129,700	−17.6
Gatwick	109,600	− 8.8

Source: British Airports Authority.

Air Cargo 2

Improvements bring results

Heathrow

PETER HERING

FIFTEEN YEARS have elapsed since Heathrow Airport's cargo centre—sometimes referred to as the "cargo village"—was established. It lies at the extreme west of the central passenger area to which it is connected by an underground bonded tunnel. Only vehicles carrying freight unloaded from, or to be loaded on to, passenger aircraft are allowed to use the tunnel (apart from Railair buses and official vehicles).

Before the centre was built, airline sheds and warehouses for the handling and storage of import and export cargo were scattered about the airfield and there was little, if any, office or warehouse accommodation for air forwarders.

The new centre changed all that. Airlines were offered sites on which to build their own sheds and offices to meet their requirements and were granted 50-year leases by the British Airports Authority. A separate two-storey building, combining individual office and warehouse accommodation under one roof, was provided for the forwarders, while an adjacent building was erected to house Customs and Excise staff.

Two years later, in 1971, a computerised system for the clearance by Customs of imports was introduced. Called LACES (London Airport Cargo Electronic Data Processing System), it was the first such system to be installed at any airport in the world.

It had its limitations. Its use was restricted to imports and it could be used only within the confines of the airport and only by airlines and forwarders with visual display units (VDUs) on their premises. Nevertheless, it was responsible, more than any other factor for speeding up (minutes instead of hours) the clearance of imports by Customs.

The system was also responsible for creating a much greater sense of mutual trust and co-operation between the airport Customs authorities and the airlines and forwarders than had existed in earlier days.

LACES served its purpose well and by the time it came to the end of its ten years of service many modifications had been made to the system. Progressively, these had paved the way for the introduction, towards the end of 1981, of LACES successor—ACP80 (Air Cargo Processing for the 80s), regarded as the most sophisticated computerised cargo system in the world.

Both LACES and ACP80 were developed jointly by a steering committee comprising representatives of the airlines, the forwarders, Customs officials and the National Data Processing Service of the Post Office (now British Telecom). The system is housed at Harmondsworth, close to Heathrow and operated by the NDPS.

It is linked with the Customs Departmental Entry System (DEPS) on the same ACP80 computers and although both systems are separate, they are able to exchange information instantaneously.

There are currently 440 users of ACP80, which functions on a Bureau and Switch system. Together they use 950 VDUs and Character Printers located both on and off the airport. The system handles no fewer than 16m import and export transactions a year, while DEPS which is the Customs link and also processes imports at most of the major sea ports, handles nearly 9m transactions each year.

ACP80 interfaces with the in-house computer systems, of several major airlines as far apart as Amsterdam and Los Angeles. It provides a wide range of inventory control for imports and maintains a communal file to hold routing, package and limited Customs entry data for all consignments.

Tax

About 80 per cent of all import consignments are cleared by Customs within about four hours of arrival. The computer calculates any tax or duty payable and advises the forwarder whether Customs will clear the shipment without inspection of documents and the consignment; whether they wish to inspect documents, or whether they wish to inspect the consignment itself before giving clearance.

Facilities similar to those catering for imports are available through the ACP80 Bureau for exports. They provide a comprehensive range of functions for inventory control and the build-up and control of flights. Provision also exists for a forwarder to request reservation for space on a flight which, if accepted by the airline, automatically blocks off space on that flight.

These are only some of the functions which the ACP80 system is able to provide. There are many more, and by the time it is due for replacement in 1991 there is little doubt that the additional facilities which will be available at the touch of a button will enable it to keep the lead it already holds over any other similar system which may be introduced at other world airports by then.

For example, research is already in progress which will lead to the standardisation of messages across the system so that international airlines in any part of the world having their own in-house systems will have a common processing front.

On the export front NDPS is looking to extend the existing facilities to minimise the amount of keying and transmission of information which is currently handwritten on various documents, and move instead towards an automated area of processing.

Apart from ACP80, many major improvements and additions have been made in the facilities provided for the benefit of cargo handling at Heathrow since the centre opened for business.

One of the most important was the establishment six years ago of the Heathrow Forwarders Bond (HFB) operated by eight of the leading forwarders. Under this arrangement a transit shed was provided solely for the processing and Customs clearance of import consolidations and transhipments, and was the first real attempt to attract back from airports in Europe transhipment traffic that had progressively been won from Heathrow.

So successful has the Bond proved that in October the system moved into larger premises providing more than 50,000 sq ft of warehouse space, double the number of pallet holding positions, as well as roller beds built into the floors. At the present time some 2,000 tons of cargo each month is processed through the Bond, but with the additional floor area now available the eight forwarders forecast an increase of 50 per cent during the next 12 months.

In addition to the Forwarders Bond, there are several other bonded sheds located either on or close to the airport which are operated by individual or groups of forwarders, and the ultimate plan is for much more accommodation to be made available for both airlines and forwarders.

Visible trade through UK airports and seaports—1983 (By value)

Airports	Value £m Exports	Imports	Total	% of total Through all airports	ports
Heathrow	8,067.4	8,514.8	16,582.2	77.1	13.1
Gatwick	728.2	680.1	1,408.3	6.5	1.1
Manchester	347.9	432.5	780.4	3.6	0.6
Glasgow	167.0	230.6	397.6	1.8	0.3
Prestwick	101.6	238.9	340.5	1.6	0.3
Stansted	215.7	60.9	276.6	1.3	0.2
Belfast	57.4	44.4	101.8	0.5	—
Birmingham	13.3	87.5	100.8	0.5	—
Southend	16.8	43.3	60.1	0.3	—
All other airports	731.5	741.2	1,472.7	6.8	1.2
Total all airports	10,446.8	11,074.2	21,521.0	100.0	16.8
% change on 1982	13.8	26.1	19.8		

Top 10 ports	Exports	Imports	Total	% of total
Heathrow	8,067.4	8,514.8	16,582.2	13.1
Port of Dover	6,862.0	8,490.3	15,352.3	12.1
Port of Felixstowe	5,052.6	6,284.8	11,337.4	9.0
Port of Southampton	3,937.6	4,745.2	8,682.8	6.9
Port of London	3,338.2	5,123.5	8,461.7	6.7
Port of Lerwick	5,714.3	10.3	5,724.6	4.5
Port of Immingham	1,996.1	2,925.9	4,922.0	3.9
Port of Harwich	1,506.6	3,327.2	4,833.8	3.8
Port of Liverpool	1,841.2	1,637.3	3,478.5	2.7
Port of Middlesbrough	1,604.9	1,690.0	3,294.9	2.6
Others	20,612.8	23,243.8	43,856.6	34.7
Total	60,533.7	65,993.1	126,526.8	100.0
% change on 1982	9.0	15.9	12.5	

Source: HM Customs and Excise.

Survivors find new business

PROBABLY ONE of the most dramatic examples of the changes in the air cargo industry in recent years is the disappearance of a number of UK charter operators, and the changing role in the operations by those who have survived.

Ten years ago there were 20 carriers licensed by the UK Civil Aviation Authority operating exclusively as cargo charter airlines. Admittedly, some had maybe only one aircraft—probably on lease—but all were specialist cargo-carrying businesses.

Today, only three have survived. This year they were joined by a newcomer—ironically a casualty from the original 20, trying his hand for a second time with the launch of Anglo Airlines.

Each of the original three has the backing of a public company, while not one of those which have gone to the wall boasted such a "luxury" to fall back on. Those with this type of backing are Heavylift Cargo Airlines, two-thirds owned by Cunard; Tradewinds (totally owned by Lonrho); and Air Bridge Carriers (a member of the Hunting Group).

Tradewinds is based at Gatwick, where it started life as Transglobe Airways in the early 1960s. It operated passenger and cargo charters before becoming a cargo carrier under its present name and new owners.

Last year it won rights from the CAA to operate as a scheduled airline to 21 locations while continuing its charter role. It has started scheduled services only to Chicago and Toronto—both with considerable success—and Khartoum.

The CAA is also to hear the airline's application for scheduled services to Nigeria, which has been closed to cargo charter flights since the present government came to power.

Tradewinds operates three 707 freighters, two of which it owns, the third on lease from a U.S. finance house. Principal routes include many Third World countries.

Further destinations in the U.S., possibly Atlanta, are very much in mind at the moment.

Heavylift Cargo Airlines has been almost unscathed by the changes that have forced surviving charter operators to rethink their roles.

Cunard subsidiary Trafalgar House took over Transmeridian Air Cargo from its founder, Mr Mike Keegan, in 1977 and changed its name to Heavylift. A decision was taken to turn the airline into a specialist operator catering exclusively for outsize cargo and loads with difficult handling problems.

Specialist operators

PETER HERING

This was done by acquiring and converting five Belfast transport aircraft, originally used by the Royal Air Force. The first was put into service early in 1980 and was immediately in demand to fly helicopters to India and defence equipment to other parts of the world.

Since then, Heavylift has put two further Belfasts into service and built an impressive inventory of shipments for the construction, aircraft and oil industries as well as defence departments of several countries.

Almost 70 per cent of traffic is generated from overseas countries, mostly through sales offices in the U.S. and Singapore. In 1985, Heavylift will be putting a further Belfast into service with an increased payload of between 37 and 38 tons compared with 34 tons of those in service.

The other survivor, Air Bridge Carriers, of East Midlands Airport, is equipped with a fleet of four Merchantman aircraft, two Argosy and one Herald. ABC specialises in carrying bloodstock and livestock for which the Merchantman is ideal.

It also undertakes a variety of charter work, mainly over short routes, which is neither particularly attractive nor economic to other operators.

The newcomer, Anglo Airlines, which started operating in 1984 with a 707 freighter, appears to be encountering little difficulty in getting maximum utilisation from its aircraft. It has undertaken an increasing number of ad hoc flights to the Middle East, Asia, Africa and the Far East. Traffic includes fresh produce to the Middle East and avionics equipment between Europe and Asia.

Peter Hering is international correspondent of Air Cargo World, U.S.A.

Operating costs have risen in a long-static market

Pressure to raise efficiency

Freight forwarders

LYNTON McLAIN

AIR FREIGHT forwarders continue to be one of the mainstays of the air cargo business, through their work as agents forwarding freight to the airlines of the world.

Nevertheless, pressures are building-up in the air cargo market and among air freight forwarders that could lead to changes in the ranks of the forwarding companies and to the way some of the airlines do their business in air cargo.

The main change in recent years among the airlines and the air freight forwarding companies has been the movement towards greater efficiency as operating costs have risen in a market that has been static or with little growth until last year.

British Airways, not the largest air cargo carrier among world airlines, but still sizeable with 229,000 tonnes carried in the year to the end of March, illustrates what has been happening. The airline increased its business in air freight in terms of freight-tonne kilometres, but it did so with fewer staff and with less capacity for air cargo.

Lufthansa, one of the world's market leaders in air cargo, increased its tonne kilometres by 21 per cent, its tonnage carried by 16 per cent and its turnover from air freight by 13 per cent to U.S.$700m last year. This was against a background where worldwide air cargo volume in tonne-kilometres sold rose by 10 per cent and where tonnage rose by 5 per cent.

Lufthansa has deliberately sought to enhance the contribution made by its air cargo activities through marketing greater efficiency, through the introduction of more cargo capacity, and through better links with freight forwarders. Cargo, with air mail, represented 24 per cent of Lufthansa's total revenue last year.

The growth is set to continue. Lufthansa claimed to be number two in the world among carriers flying passengers and cargo last year, after Japan Air Lines. On the North Atlantic routes, Lufthansa claimed to be the market leader for air cargo, and is forecasting a total air cargo load of 500,000 tonnes this year, the first time the airline will have passed this mark.

Lufthansa plans to invest DM 550m on improving and expanding cargo operations between 1985 and 1991.

These changes in the performance of world airlines that carry cargo have come partly through the return to growth in the air cargo market last year and partly through increasing efficiency and vigour in marketing air cargo.

This increased efficiency has helped to make airlines cut operating costs, through investment in automated and electronic documentation processing, and through better use of cargo capacity. These reduced costs open the way for the airlines to offer more attractive rates for shippers, or to their freight forwarding agents, or to maintain rates and increase the yield from cargo operations.

Whatever methods are chosen by the airlines to capitalise on this growing efficiency in air cargo operations, there is likely to be an impact on the parties involved in the handling and processing of air cargo.

Rely

Airlines have relied traditionally on the air freight forwarder for as much as 95 per cent of the turnover of their cargo business. This is the approximate proportion of the air freight business of British Airways and Lufthansa, for example, that is handled by the freight forwarding industry.

The basic work of the freight forwarder is likely to continue, but the rising efficiencies among airlines and the larger forwarders is also likely to put pressure on the smaller, less-resilient forwarder.

Among the major world airlines, Lufthansa is perhaps the biggest that has publicly placed so much emphasis on the continued need for a close relationship between the air freight forwarder and the airline.

The airline is firmly committed to the freight forwarding industry as an essential partner in air cargo operations. One of the airline's "guiding principles on Lufthansa freight policy," formulated by the airline's executive board last year, says that for Lufthansa, "close co-operation with International Air Transport Association forwarders is indispensable."

To underline its policy of supporting forwarding agents, Lufthansa proposed at an IATA conference that commission for the forwarders should be increased. The conference refused to accept the Lufthansa proposal and the airline decided to introduce the higher commissions unilaterally, although only on its home market in West Germany.

The airline increased its commission to the forwarders to 5.5 per cent from October 1 and proposes to increase it to 6 per cent in October 1985.

Lufthansa clearly stands to benefit from this increase in commission rates paid to forwarders. A secondary effect is likely to be to enhance the role of the freight forwarder in West Germany.

Elsewhere, air freight forwarders are facing twin pressures, from those airlines which are getting more of their air freight business direct from shippers, and pressure from within the air freight forwarding industry as the larger companies grow at the expense of the smaller ones.

There are an estimated 400 air freight forwarders operating in Britain. These agents depend on the price and the quality of their services to win business. In terms of price, the freight forwarders often have a direct advantage over airlines which try to win cargo business direct.

This advantage arises from the ability of the air freight forwarders to consolidate cargo loads from different shippers and to offer attractive rates per kilogramme based on the larger volumes of consolidated cargo they send to airlines.

Competition is fierce among the forwarders, especially on price and the type of service each company offers. Cargo rates offered by freight forwarders are often pared to the bone and some of the larger companies claim that some of their smaller competitors must be losing money because of the low rates they charge.

These claims are difficult to substantiate in specific instances, but it is likely that only the most efficient air freight forwarders will be able to continue as competition for the rising air cargo market continues.

Task to control rates

CONTINUED FROM PAGE 1

reliability and integrity that they have demonstrated, together with their highly flexible modes of operation.

Coupled with these developments is an increasing use of advanced information technology. Probably the best example is the UK's National Data Processing Service's ACP-80 air cargo processing system, now in use at London's Heathrow and Gatwick airports, and at Manchester, with implementation of it planned for Birmingham for early 1985.

But it must be stressed that this kind of sophistication in air cargo operations, while undeniably growing, is still confined to a comparatively small proportion of all the world's airlines and airports. Many such airlines, especially in the poorer developing countries, have not yet reached the stage where they can afford such refinements as computers and still handle cargo with rudimentary equipment and antiquated administrative procedures.

At the same time, many so-called airports throughout the world are but shadows by comparison with the monsters of steel and glass seen in the developed countries, and cargo facilities are either non-existent or poor quality, and Customs arrangements often leave much to be desired.

Air Cargo 3

Two important UK carriers take a different approach to their cargo-carrying operations in meeting a rising market

Long-term plans laid for profitable developments

British Airways

LYNTON McLAIN

A QUIET revolution is under way in the cargo operations of British Airways as the airline prepares for its stock market flotation in the spring.

Cargo has always had a place at British Airways, but a greater autonomy and sense of purpose among the airline's cargo management worldwide is evident as cargo revenues rise and cargo efficiency reaches new levels, in the wake of management and technical changes and a rising market.

Many of these changes have arisen with the creation of the new head office post of "General Manager, Cargo," an obvious-enough title for an airline, but one British Airways did not use until 18 months ago.

The change came with a wide ranging and intensive management re-organisation in 1983. This resulted in the appointment to the new post of Mr Geoff Bridges, the former Controller Cargo, a title which essentially meant the handling of UK cargo.

Mr Bridges was put in charge of a "cargo business centre," set up to manage and co-ordinate BA cargo activities worldwide. The centre is at the British Airways' Heathrow Airport Cargocentre, but the idea of a "cargo business centre" is more to do with the creation of business planning for BA's cargo operations worldwide than with a physical centre, though this aspect is also crucial to the future of BA's cargo activities.

For the first time, British Airways has in Mr Bridges a focus of responsibility, and power, for the day-to-day and long-term plans for the successful, profitable development of cargo in the airline.

The aim is to make cargo as near to an autonomous business as it can be, bearing in mind the current difficulties of defining absolutely the profitability or otherwise of cargo operations, intimately linked as they are with airline passenger operations.

Previously, British Airways' cargo operations were based on individual countries. Each country had its cargo manager and staff and they were responsible to the country's BA general manager. Until Mr Bridges' appointment there was no central control or direction for cargo operations.

For the period from July to the end of the 1983-84 financial year in March, Mr Bridges and his team budgeted for a £16m increase in revenue from freight and air mail.

Greater control

Aided by a return to growth in air cargo worldwide as well as by greater management control by British Airways, the result at the end of 1983-84 was a £28m increase in revenue from cargo, to a record £207.8m. This was 11 per cent up on the previous year. Air freight accounted for £172.4m and air mail for £35.4m.

The revenue from BA's cargo operations compares with the total turnover of £2,513.7m for the British Airways group as a whole in 1983-84.

The total volume of cargo and mail air freighted in the same period was 229,000 tonnes, a 15 per cent increase on the previous year. The major increase came from air freight with an 18 per cent increase to 189,565 tonnes carried in 1983-84 compared with 1982-83, with freight on shorthaul air services growing at 23 per cent.

One of the features of this growth in demand for BA's air cargo services is that the airline carried more cargo on its passenger aircraft in 1983-84 than when it operated an all-cargo Boeing 747 jumbo jet and three Boeing 707 freighters.

Geoff Bridges: focus of responsibility

British Airways has benefited from the growth in worldwide demand for air cargo, "but we would not be able to share in the growth in cargo if we did not have our own discrete cargo organisation," Mr Bridges says. He attributes half the growth at BA's cargo operations to these internal factors, and half to the general upturn in demand.

The significance of the creation of the post of general manager, cargo is that the airline "now has the means to implement a strategy for cargo for the airline as a whole." Mr Bridges says.

He is reviewing BA's cargo operations on a country-by-country basis to decide on the appropriate new management structure in each base of operations.

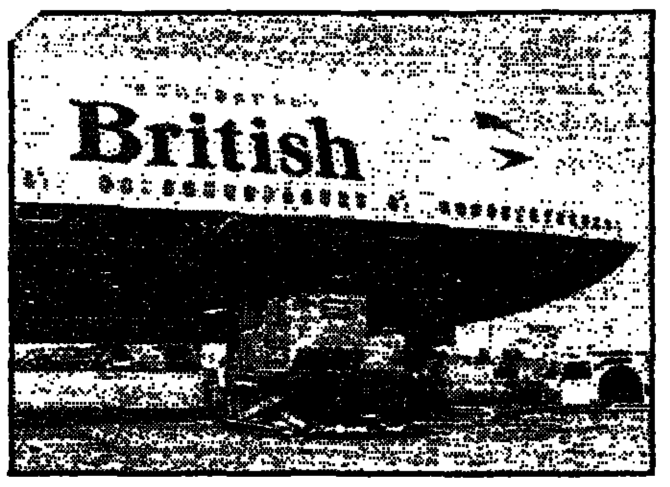
He is also surveying all the direct operating costs of cargo operations with a view to formulating an accurate cost base for working out cost-related charges. This is not easy as cargo and passenger operations have common costs in the costs of the aircraft they use.

When it assesses its cargo costs, the airline includes fuel, cargo handling on the ground and selling and marketing costs and the costs of sales agents. About half the cargo revenue is accounted for by direct operating costs.

The cargo operation is profitable and accounted for 40 per cent of the airline's operating surplus of £273.4m in 1983-84. Mr Bridges says: "I am judged on my contribution to BA's operating surplus."

He has forecast a target revenue of £215m from mail and cargo in 1984-85. This is likely to be the last financial year with British Airways as a nationalised industry, according to Government plans. "Over £100m of this revenue will be the contribution by cargo to the BA airline operating surplus," Mr Bridges forecasts.

Cargo is reckoned to account for £178m of the target and mail £37m this year. In terms of freight tonne kilometres, the measure of the activity of the cargo sector, BA's cargo operations are already running 17 per cent ahead of the target of 964,000 freight tonne kilometres.



Loading a British Airways Jumbo at Heathrow. The aim is to make cargo a near-autonomous business

In operational terms, cargo capitalises on the capacity in the holds of passenger aircraft. The traditional view by passenger airlines is that the cargo operation has to make do with whatever capacity is available in these holds. Without recourse to all-freighter aircraft there is no alternative to cargo managers being limited to the design capacity of an aircraft hold.

Wasted space

BA's cargo division, under Mr Bridges, did not accept this conventional wisdom. The managers and engineers knew that many aircraft have wasted space between conventional freight containers and the hull of the aircraft. Up to a fifth of the total available space for cargo is regularly not used because the containers do not fill up this space.

The airline has a "capacity optimisation manager," Mr Bernie Knill, who has several ideas for redesigning containers to make better use of this space. BA has already experimented successfully with a winged pallet, with the "wings" filling up the wasted space, and has several dozen on order.

A Boeing 747 passenger Jumbo jet has a designed cargo capacity of 4,200 cubic feet. British Airways plans to make use of an additional 800 cubic feet on each aircraft through the use of these winged pallets and other devices for using space efficiently. This will add more than 15 per cent to BA's cargo capacity without the purchase of a single additional aircraft.

A further scheme to increase the airline's cargo capacity at minimum cost has involved the strengthening of the undercarriage axles of the TriStar airliners. This enables the aircraft to carry an additional four tonnes of cargo.

The entire BA fleet of passenger aircraft will be able to carry extra freight under the £1m to £2m investment programme to make use of all available cargo space. A further £7m is to be spent on developments at the Heathrow cargo centre.

This approximately £10m total current BA investment programme in enhancing its cargo capability is augmented by developments in passenger booking information. Flights are checked for the precise passenger load just before departure. Cargo is then loaded on board in place of any empty passenger seats. "This gives us an extra capacity of 20 tonnes a week for cargo," Mr Bridges says.

Another 18 months is required for all of these improvements in the efficiency of BA's cargo operations to be implemented. "By then we will have increased our cargo carrying capacity by 30 per cent."

But even these ideas do not exhaust the possibilities. The airline is also looking at the possibility of using a combined freight and passenger aircraft—a "combi"—to give greater flexibility, especially over the North Atlantic in the low-season winter months.

Revenue targets exceeded

British Caledonian

LYNTON McLAIN

AN IMPROVEMENT in cargo revenue is expected to be one of the benefits for British Caledonian Airways arising from the Government's white paper on civil aviation. The main change in route structures proposed was the exchange of BCal's South American routes with British Airways' connections with Saudi Arabia.

Talks about the transfer have been under way since early October, but BCal has already welcomed the Saudi route as a potentially lucrative market for cargo traffic. The transfer could be completed by the spring, according to BCal.

British Caledonian estimates that British Airways carries about 13,000 tonnes of cargo between London and Saudi Arabia each year. This would represent a significant addition to BCal's forecast 54,500 tonnes air freight business for 1983.

British Caledonian is emphatic about the importance of air freight. Mr David Brooksbank, BCal general cargo manager, believes that "the profitable airline is the one that takes cargo seriously, and we do." The performance of the airline's cargo operations is measured weekly against a planned budget, route by route, at board level.

Tonnage up

Cargo provides about 16 per cent of BCal's corporate revenue. In the financial year to the end of October 1984, freight produced an estimated £47.1m of revenue, while mail added about £6.5m. In the 11 months to the end of September, freight tonnage grew by 6.7 per cent to 46,529 tonnes. Revenue rose by 17.6 per cent to £46.2m.

The proportion of revenue from cargo has fallen from 20 per cent when BCal operated a Boeing 707 all-freight aircraft. BCal currently operates only conventional passenger aircraft. Cargo goes in the belly-hold of the aircraft, so freight capacity depends on passenger aircraft movements.

The introduction of the McDonnel Douglas DC10-30 fleet and the Boeing 747 jumbo jet gave BCal a vastly increased tonnage, Mr Brooksbank said. BCal is also introducing a small fleet of wide-body Airbus A310 airliners with a high capacity for freight.

David Brooksbank: taking cargo seriously

The peak for BCal's cargo operations was 1980-81, when 48,163 tonnes of freight and 5,024 tonnes of mail was carried —37 per cent up on the previous 12 months.

The market almost collapsed in 1981-82, when "things were very grim," Mr Brooksbank said. There was no growth in revenue over the previous year, freight carried fell to 39,136 tonnes, and mail to 6,824 tonnes.

The worst month was June, 1982. But in every month since October that year the airline has exceeded its revenue targets.

Growth in demand for cargo services has continued, and in September this year the airline carried its heaviest single load —31.5 tonnes in the hold of a DC10-30 with 126 passengers. The cargo was mainly oil-industry equipment flying from Houston to London.

Traditionally, routes from the U.S. to the UK have been the dominant revenue earners in BCal's cargo sector, with two-thirds of traffic eastbound. The strength of the U.S. dollar has almost reversed this pattern, however, with Europe attractive to U.S. buyers.

Some 60 per cent of BCal cargo is currently coming from U.S.-bound traffic flying from Gatwick to Dallas/Fort Worth, Houston, Atlanta, Los Angeles and St Louis.

The airline decided in the middle of October to suspend its St Louis operations because of insufficient passenger demand. It had been a useful alternative for cargo operations to the overstretched Chicago facilities. Ozark Airlines, a U.S. operator, will take passengers between St Louis and Atlanta, which BCal will continue to serve.

A service between Gatwick and Kennedy Airport, New York, will be launched next May. This is a large market for cargo, but rates reflect the intense competition, especially eastbound, where traffic demand has slowed.

On westbound routes, BCal had its busiest-ever week in September, when 28 flights carried a total of 320 tonnes of cargo.

The airline estimates that 90 per cent of its tonnage is handled through freight forwarders, especially consolidated traffic which forms between 60 and 70 per cent of all tonnage.

BCal's approach to financial management starts from the basis that cargo is not a profit centre, Mr Brooksbank said. Instead cargo is costed and assessed for revenue purposes in corporate terms.

BCal knows the costs of operating an aircraft, but the marginal costs of carrying cargo are more difficult to ascertain. Attempts are made to assess the cost of aspects such as loading, unloading and ground transport.

Cost base

"We are working towards analysing the whole cost base of cargo, but at the moment, cargo is a contribution to corporate revenue and a contribution to overheads," Mr Brooksbank said.

Outside the busy transatlantic markets, BCal has a thriving business serving Africa. Nigeria is its prime destination, with 10 flights a week—six by Boeing 747 Jumbo jet and four by the new Airbus A310. The combined two-way capacity is about 80 tonnes a week, with much traffic related to the oil industry.

The London-Hong Kong route is also busy, with BCal aircraft "virtually full to capacity in each direction." As much as 80 per cent of load on the outward route is bound for Dubai, while on westbound flights almost the entire load is for the UK.

BCal expects growth in its cargo tonnage next year to be at least in line with the 6.5 per cent forecast for cargo demand made by the International Air Transport Association.

Forceful approach to competition

BAA

MICHAEL DONNE

THE British Airports Authority, as the biggest individual handler of air cargo in the UK and one of the biggest in the world (several U.S. and Continental airports are busier) is adopting a forceful approach to the expansion of this business in the face of determined overseas competition, especially from airports such as Amsterdam, Frankfurt and Paris.

The authority's last annual report, for the year to end-March last, showed that in 1983-84 the total tonnage of cargo handled at its seven airports (Heathrow, Gatwick, Stansted, Glasgow, Prestwick, Aberdeen and Edinburgh), amounted to 652,140 metric tonnes.

Its most recent annual figure, for the 12 months to the end of September last year, showed a total of 719,600 metric tonnes, indicating that this forceful approach is paying off.

Heathrow alone is now the busiest port in the country, in terms of the value of UK overseas trade handled, at about £16.6bn a year, covering 487,400 metric tonnes in the year to March 31 last.

The total for all UK airports (both BAA and others) was close to 726,000 metric tonnes, worth some £21.5bn, and representing close to 17 per cent of all the UK's overseas trade.

The air cargo industry and the BAA recognise that the UK is still behind some of the major Continental airports. For example, overall cargo handled at Frankfurt in 1983 amounted to 649,200 tonnes and at Charles de Gaulle (Paris) to 497,900 tonnes.

It was to fight off this encroaching foreign competition that in 1982, at the depths of the recession, the BAA decided to take up the recommendation of the National Economic Development Office (NEDO) and set up an Air Cargo Task Force to co-ordinate actions to improve facilities and procedures for the air cargo industry as a whole, but especially at the BAA's own airports.

Improvement

The steady improvement now being seen in the BAA's cargo figures can be attributed largely to the work done by the Task Force over the past two years. But it also recognised that there is still some way to go.

The aim was—and still is—to maximise the use made of the unique facilities available in the UK for overseas trade by air. The BAA points out that over 100 airlines and more than 400 freight agents and forwarders operate from London's three major airports alone—Heathrow, Gatwick and Stansted—to more than 250 destinations worldwide, and those figures are increasing annually. The BAA claims that no other city in the world offers shippers and importers more scheduled passenger flights to and from international destinations—over 600 a day—than does London, and with more and more cargo being carried in the bellyholds of passenger aircraft, this an increasingly significant consideration for the air cargo shipper.

Coupled with this is the unique ACP-80 (Air Cargo Computerised Processing System for the 1980s) which is provided by the British Telecom National Data Processing Service, and which already serves many of the airlines and agents using Heathrow and Gatwick (among other airports). It is substantially speeding the handling of cargo, and is being steadily expanded.

When the Air Cargo Task Force was set up, it was decided to include in it the widest cross-section of representation from the industry, including Customs, the National Data Processing Service, the freight forwarders, shippers, the airlines and the airport authorities.

Since its establishment, the Task Force has concentrated, through sub-groups, on a wide range of activities designed not only to develop business for the UK, but also to improve the overall quality of air cargo handling in all its aspects.

In response to demand, the BAA itself is expanding cargo facilities at all its airports, especially those in London. At Heathrow, the fourth terminal now under construction will provide a further 20 aircraft stands of capacity for bellyhold cargo traffic.

At Gatwick, where a second major passenger terminal is under construction, provision has been made for expansion from the present estimated capacity of about 150,000 tonnes a year to as much as 500,000 tonnes.

The development proposals for Stanstead (still subject to government approval) envisage some 14,000 square metres of transit shed space, accompanied by aircraft stands to handle some 100,000 tonnes of cargo a year.

Outside London, the Government's designation of Prestwick in Scotland as a freeport should do much to help improve that airport's cargo traffic. This has actually been declining in recent years, along with the decline in the airport's passenger traffic (in turn stemming from the decline in the number of transatlantic airlines from bith the UK and the Continent calling at Prestwick en route).

Overall future

The overall future of Prestwick, however, depends upon the Government's own policy decisions for the development of the Scottish Lowland Airports. Comments have been sought and the Government will weigh these before taking decisions.

In the meantime, one of the major decisions by the BAA at Heathrow and Gatwick for improving business, by encouraging more shippers and agents to use those airports, has been the waiving of charges for surface trucking of cargo to and from the airports for a 12 months' trial period from September.

The trial at Heathrow and Gatwick is designed to help the BAA assess the true demand for "inter-modal" facilities at its airports, and provides further evidence that the BAA is prepared to play its part in creating the conditions necessary to re-establish London's competitiveness.

By abandoning its own revenues from trucking of cargo (by issuing licences to truckers free of charge, subject to their satisfying certain conditions), the BAA will be helping to bring down overall air cargo costs.

This, in the BAA's view, will demonstrate whether or not the levels of air freight charges have been actually holding back the growth in business. As Mr Robinson points out: "This is a unique opportunity for the UK air cargo industry to use its skills, experience and initiative to demonstrate that it can open up new opportunities for cost-effective routings and bring traffic back to London.

"It will also give the whole industry the greater flexibility it has demanded, which, combined with our already superior range of forwarders, frequencies, destinations, facilities and services, will be to the benefit of everybody involved in the cargo industry."

The many facilities at Gatwick and Heathrow have a strong influence on freight growth in the regions, as FT correspondents report

Market position improves

The North

NICK GARNETT

AIRPORTS IN the North of England have been battling against a steep decline in the tonnage of air cargo they handle but two of them—Manchester and the very much smaller Leeds/Bradford — are putting themselves in a better marketing position.

Manchester International Airport claims to be the third most important air cargo handler behind Heathrow and Gatwick, though throughput has fallen from 46,000 tonnes a decade ago to just under 28,000 in 1983.

Manchester, along with other provincial airports has had to contend with the increasing trend among freight forwarders towards consolidating freight in order to save money, a move which favours the South East airports. This means that a great deal of cargo delivered to Manchester is still sent down to Gatwick and Heathrow by truck.

Boost

The fall in airfreight is being reversed at Manchester however. More than 15,000 tonnes were handled in the first six months of 1984 (up 18 per cent on the same period in 1983) and Mr Vincent Berry, the airport's cargo adviser, is expecting an end of year outturn of about 31,000 tonnes, about 12 per cent up on 1983.

The airport's cargo handling will receive a significant boost, too, from its new £7m cargo terminal, scheduled for completion in September 1985.

The new purpose-built cargo complex will provide 150,000 sq ft of bonded warehouse space which will be split between Servisair, British Airways, Aer Lingus and a *consortium of* seven freight forwarders. The first three companies currently share 110,000 sq ft.

This development follows more than a decade when various cargo expansion plans were shelved for one reason or another.

Mr Berry, who was the first full-time cargo specialist to be appointed by the airports authority when he started his job two years ago, says an extension to the new terminal could be in the pipeline depending on requirements.

CAA licensing, whereby some airlines have been forced to give up other routes in order to begin services to and from Manchester, has been a thorn in the airport's side, hitting cargo *handling as well as* passenger flights.

Manchester, though, is beginning to attract cargo from London, says Mr Berry. The *airport hopes this will cut the* amount of cargo deposited at the airport and then simply trucked south. Manchester has been delighted too by the response to Arrow Air's weekend New York freighter.

Leeds/Bradford's cargo peak came 16 years ago when 2,300 tonnes went through the airport at Yeadon, but it had fallen dramatically to just 287 tonnes in 1981. The airport handled 350 tonnes in 1983.

A £1m development incorporating a new freight building was completed in 1983 but Leeds/Bradford's cargo throughput will only be significantly improved when other developments, including a runway extension are ready for use.

One of the principal reasons for the slide in freight handling —and the stunting of passenger growth—is the reduced availability of aircraft capable of using the short runway. Very few freight-only flights use Leeds/Bradford.

Newcastle Airport is much bigger in cargo terms than Leeds/Bradford, handling 3,600 tonnes in 1983 compared with 5,750 in 1979.

The airport has not been affected by recession as much as outsiders might think, partly because the shape and size of many of the manufactured goods produced in the North East have never made them suitable for air freight.

Cargo movements have been picking up at Newcastle, however, and the airport is hoping to tap further into the growth of light industries in the region, in particular electronics.

Big rise in volume

The Midlands

ARTHUR SMITH

THE MIDLANDS can justifiably lay claim to a boom in air cargo, with both Birmingham and the East Midlands Airport notching up dramatic increases in business.

Birmingham Airport, boosted by the £62m passenger terminal opened earlier this year by the Queen, carried almost as much air freight in the first six months of 1984, at 2,007 tonnes, as in the whole of 1982.

Similarly, East Midlands Airport, which in the four years to last August almost trebled air cargo and mail business to 18,500 tonnes a *year, plans new investment* to cope with the pent-up demand.

For Birmingham, the new facilities have freed the old passenger terminal for use as a dedicated cargo area with plenty of apron space and some 13 aircraft stands. More ground equipment is being installed to handle the increasing volume of pure freight aircraft.

Mr Ken Perks, the freight marketing manager, points to the growth of the specialised freight aircraft as *the key* factor in the recent growth—a trend which he confidently expects to continue.

Work is scheduled to start *in the middle of next year* to replace the present British Airways cargo terminal with a much bigger 6,000 sq ft freight building considered necessary to handle the projected growth in cargo.

The amount of cargo arriving and departing by air from Birmingham climbed from 2,210 tonnes in 1982 to 3,258 tonnes last year. But there is also an important business in freight transported by road from Heathrow for forwarding elsewhere. Birmingham handled more than 7,400 tonnes in 1984 an increase of more than 5 per cent on 1932, but growth at 11 per cent on 1982 has been even stronger in the first half of 1984.

West Midlands County Council as owners of the airport was particularly pleased that a 12-acre site adjacent to the old terminal building has been chosen as a freeport, one of the first handful of duty-*free zones designated by the* Government. The first phase of what will be a private sector venture is due to start early next year.

Mr Eric Dyer, East Midlands Airport's director, says the emphasis is on expansion: "We can honestly say that in the 20 years we have been operating, there has not been a day when builders have not been at work somewhere on site."

Over the past eight years some nine acres have been developed for cargo use and *another phase is about to* start which will take up another six to seven acres over the next two to three years.

A new 40,000 sq ft terminal shed was opened recently and plans are now under consideration for a specialist cargo apron which would offer advantages over the present system were freight and passenger activities mixed.

Recession might not have been as severe in the East Midlands as in other parts of *the region, but the growth in* cargo traffic has been remarkable. Mr Dyer points not only to the expansion of mail and overnight parcel services, but also to increased business that derives from the airport's strategic location and good road links.

The airport, a joint venture between the county councils *of Nottingham, Leicester and* Derby plus Nottingham City Council, has proved profitable. In the last financial year an operating profit of some £3m meant that after interest and other charges local ratepayers enjoyed a contribution to funds of around £2m.

London sets the pace

Wales and the West

ROBIN REEVES

TWO YEARS ago, Cardiff and Bristol were looking forward to an upsurge in air cargo business as industry emerged from the recession. An increasing number of companies seemed likely to turn to their local airports to handle their air freight requirements as the reputation of the main centres, Heathrow and Gatwick, for hold-ups and delays spread.

But today the outlook is less clear. The introduction of the ACP 80 computerised air cargo handling system at Heathrow and Gatwick, together with other changes, has produced a sharp improvement in the operating efficiency of both centres.

In addition, the limited number of scheduled services from Cardiff and Bristol, using mainly small aircraft, means that neither airport is in a position to compete easily with the specialist air freight services involving container consolidation of cargoes for specific destinations from Heathrow and Gatwick.

In the first nine months of 1984, Bristol's Lulsgate airport handled 2,145 tonnes of air cargo, an increase of 5.1 per cent over the same period last year. Cardiff handled twice as much—4,230 tonnes—but this total was significantly down on the same period a year ago.

At the same time the main bulk of these cargoes left or arrived at Cardiff and Bristol, not by air, but by truck. The Civil Aviation Authority licensing arrangements allow carriers to run a parallel freight trucking service between scheduled flight destinations in order to carry, so to speak, excess baggage.

Dan-Air, the principal scheduled airline at both airports, has used its licence to run a regular air freight trucking service to and from Amsterdam where it plugs into KLM's worldwide freight handling network. There is also a regular nightly service to and from Heathrow, linking with Dan Air operational base at Gatwick.

Mr Stuart Dodwell, Dan-Air's Cardiff freight manager, is optimistic that Cardiff's freight business faces a flourishing future, not least because Dan-Air, since it is also getting the revenue from actually carrying the freight, can quote very competitively against independent air cargo agents using Heathrow and Gatwick.

Ms Annette Palmer, Bristol's freight manager, also sees a bright future for the airport's freight services. Although Heathrow might have improved, she says that snarl-ups leading to big delays while things are sorted out, still occur. Regional airports like Bristol and Cardiff, on the other hand, offer a personal service and speedier customs clearance for users.

Indeed, Bristol has plans to develop a freight village. Planning permission to build a 40,000 sq ft office and warehousing complex, to bring together agents who are presently scattered around the terminal building, in portable accommodation and at Avonmouth, has already been granted. The airport is now seeking funds for its development.

Given the provision of an ACP 80 terminal—which could be shared by all Bristol's agents —Ms Palmer sees no reason why the airport should not continue to compete.

Cardiff is undertaking a wide-ranging review of the airport's structure and operations. Mr Ian Cran, the airport director, says that it remains to be seen whether they should be allocating more investment towards air freight handling facilities rather than passenger services which are growing rapidly.

In the last financial year, passenger growth at Cardiff was 15 per cent up—one of the higher rates of growth among provincial airports. Existing freight facilities at Cardiff were adequate and it could be suggested, that national trends and, in particular, a growth in door-to-door deliveries via Heathrow and Gatwick, would be to the detriment of regional airport traffic.

A $4bn world business

Air couriers

MICHAEL DONNE

PROBABLY THE single fastest-*growing element of world aviation* today is the use of air courier services for the despatch of time-sensitive and other items of high commercial or intrinsic value but low weight.

It is estimated that, in the UK alone, since the ending of the UK Post Office's monopoly on the despatch of letters in 1981 (as a result of the Telecommunications Act), the volume of the existing air couriers' business has more than doubled, and that this rate of growth is likely to be maintained for the immediate future.

This change in the couriers' business over recent years has been remarkable. From being a Cinderella of the air transport business in the early 1970s, it is now a vital *element* in business thinking.

One estimate is that the value of business now conducted by the air courier organisations worldwide amounts to more than $4bn annually. While much of this is in the U.S., where such services have been established for some time, it is estimated *that in the UK alone the* annual turnover is now approaching £100m, and is still growing at a rate in excess of 25 per cent a year.

The major organisations in the UK—DHL, TNT and IML, all of whom operate globally—are expanding, and the levels of service and reliability are increasing, as airlines, customs and airport authorities, security personnel, and the commercial companies who make up the bulk of the client base, become aware of the *facilities available.*

Educating the business user as to the scope of courier services is becoming a major element in the expansion of the system.

What is the "air courier" business? At its simplest, it is a system of conveying time-sensitive material—cheques, credit-card slips, contract tenders, legal documents and other lightweight items—speedily world-wide, accompanied by on-board couriers who are responsible for the safe transport of the bags of material in their charge.

The courier organisations collect the shipments from customers, convey them to the airports, transport them accompanied to destination and hand them over to other representatives of the same organisation who are responsible for final delivery *to destination.*

Door-to-door and even person-to-person delivery is an essential element of the business, where the quality of services offered, especially reliability and security, are vital to success.

Many airlines themselves have recognised the value of these courier services and some have even tried to develop their own, with varying degrees of success. British Airways, for example, recently launched a new door-to-door delivery service to take *small parcels or documents* from anywhere in Britain to any address anywhere in the U.S. within 72 hours, at a price per one-kilo package of £48. A 10-*kilo package would cost £78.*

The courier services acknowledge this kind of competition but believe their own systems can beat it. Frequently, the courier organisations have more highly-developed infrastructure systems than the airlines (such as ground collection and delivery operations), and many airlines use the existing courier *systems in conjunction* with their own operations to offer a total person-to-person service.

At some airports, too, such as Heathrow, there are now special "courier areas," where couriers and their accompanying consignments can be cleared through Customs separately from the normal passenger complements of jet airliners, speeding the flow of documents and packages. This developing specialist ground infrastructure is vital to the continued smooth and rapid expansion of the courier business.

So far, the courier business has been substantially built on the swift and reasonably priced conveyance of low-weight, time-sensitive matter, such as documents, and this business still comprises more than 60 per cent of overall turnover.

Increasingly, however, other items have crept into the business — small spares, for example, for the automotive industry, and other items of *comparatively low weight,* such as commercial samples, pharmaceuticals and other products, which can be conveyed faster and cheaper than by normal air *freight.*

Increasingly, however, the courier business is also moving into the small package and parcel business, although so far in the UK this has not reached the same proportion as in the U.S., where organisations such as United Parcels Services, Emery Air Freight and Federal Express have built substantial businesses around the transport of small parcels nationwide, even to the extent of owning their own fleets of aircraft.

In the UK, while the courier companies do use the normal air freight channels for some of their business, they do not see themselves as direct competitors to the freight forwarders. The couriers remain primarily interested in the swift conveyance on an accompanied basis of low-weight items of considerable time-sensitivity, although they are major users of air cargo when necessary, while the freight forwarders are primarily concerned with shipments that can be containerised and shipped unaccompanied as belly-hold cargo.

Inevitably, there is an overlap, however, especially in the small package business. Also, some freight forwarders have moved into the courier business, either as a defensive measure to maintain their existing customers, or to develop new markets.

Spectrum

At the same time, some courier organisations have moved more extensively into the small package business, and continue to do so. What matters is that there is still room for both the specialist air couriers and the freight forwarders in the increasingly highly complex business of serving the customer across the entire spectrum of air cargo.

This is especially so as the range of commodities serviced increases. Traditionally, banks and lawyers have formed the backbone of the courier business.

In recent years, the credit-card companies have also become significant users of the system, while the oil industry, architects, consulting engineers, automotive suppliers, pharmaceutical companies and others have also moved in. Wherever shipments are small — perhaps no more than 10 kilos — the use of a courier is often faster and less costly than traditional air freight transport methods.

While price is undeniably a major factor in winning business, and competition is keen, it appears to be matched by the basic demand for consistent *high-speed, reliable service, and* maintenance of a code of professional etiquette is vital to the established companies.

One question that is often *asked nowadays of courier companies* is: "How long can you last before satellite data facsimile transmission or documents removes the necessity for your services?"

The answer must be that there will always be a demand for the physical transport of documents, for legal as well as other reasons. Courier *companies can argue fairly* that it was once claimed that the growth of telephonic communications would either diminish or put an end to postal services, in the same way that it is now claimed that "tele-conferencing" will eventually put an end to business air travel.

More high-tech users

Scotland

MARK MEREDITH

THE NUMBER of air freight users in Scotland is growing in the form of high technology companies, many of them U.S. and Japanese multinationals which have set up a Scottish base to sell to the Common Market countries.

The electronics industry employs about 40,000 people and has done much to replace the country's declining heavy industries.

Air freight has also proved important in supplying vital equipment to the North Sea oil industry much of which is serviced from Aberdeen in the north-east.

Air cargo traffic in Scotland has not shown the same degree of revival experienced in the South. But after a 2.9 per cent drop to 31,000 tonnes in the past financial year, there have been signs of improvement.

The July figure of 3,100 tonnes was a 40 per cent improvement for the Scottish division compared with the previous year. A rolling annual *figure from last July* shows a 5.6 per cent improvement in cargo handled.

Any real improvements are likely to await the current Department of Transport review of the three Scottish lowland airports, Prestwick, Glasgow and Edinburgh. Aberdeen is the other member of the British Airports Authority administered airports in Scotland.

The review is designed to give some long term guidance for the use in particular of Prestwick Airport in Ayrshire which has long been designated *the transatlantic gateway for* Scotland.

Some airlines and pressure groups want international flights based at Glasgow although local pressure groups and members of parliament in Ayrshire continue to fight doggedly in support of Prestwick which is the least used of the seven BAA airports.

Among the 1,000 submissions to the Department of Transport review will be proposals to centralise all international *Scottish air cargo at Prestwick* in exchange for the transfer of transatlantic passenger traffic to Glasgow.

Prestwick with 9,000 tonnes of cargo in the August 1983 to August 1984 period still represents a 16.1 per cent drop. Mr George Giles, the airport manager, says that in the April to September period a 3.3 per cent rise has been shown.

One of the criticisms frequently made to explain the lack of air cargo moving through Prestwick is that the quality of the marketing by the BAA has been poor, with perhaps too much emphsis placed on London and the South-East and not enough on Scotland.

There are signs that this has been recognised by the BAA, especially now that Prestwick has been designated one of the new Freeports in Britain, with a substantial area of the airport being set aside for this use.

But few airlines and cargo shippers seem likely to make use of the opportunities offered by a Freeport at Prestwick until the overall long-term future of the airport is secure—and this is one of the cardinal decisions awaited from the Government's anticipated policy statement on Lowlands airports development.

Only two passenger airlines, Air Canada and North West Orient, use Prestwick and both also send air cargo with passenger flights. Other air cargo users along with Flying Tiger are Air France with one flight per week, and Lufthansa with a weekly flight.

Glasgow Airport, about an hour's drive from Prestwick, has shown a 35 per cent increase in cargo traffic comparing last July's figure with July 1983. For the year, 14,300 tonnes were carried through Glasgow, which on a yearly basis is a 28.2 per cent improvement.

Edinburgh recorded 800 tonnes over the year to July, a 4.1 per cent increase, and Aberdeen handled 8,100 tonnes in the year to July, 3.9 per cent more.

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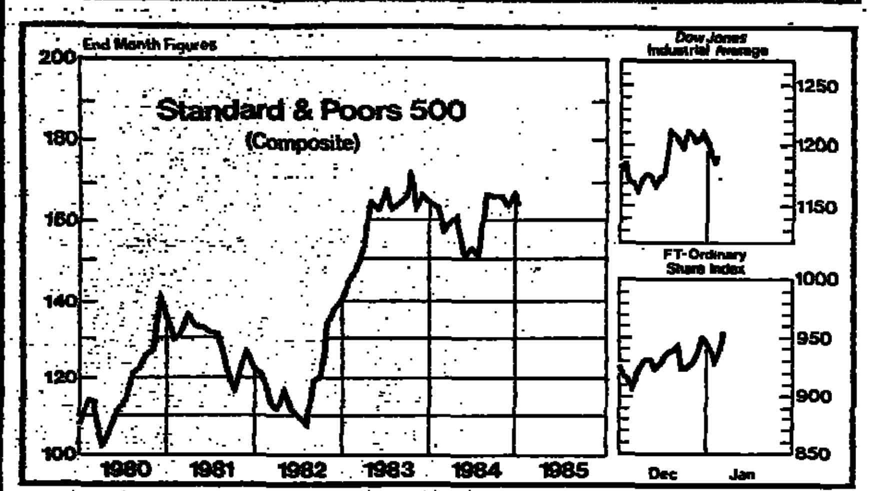
U.S. purchases Argentine wheat, Page 34

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday January 8 1985

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 7	Previous	Year ago
NEW YORK			
DJ Industrials	1,190.59	1,184.96	1,286.54
DJ Transport	557.02	553.03	611.79
DJ Utilities	147.21	146.54	134.83
S&P Composite	164.24	163.68	169.26
LONDON			
FT Ord	955.7	941.0	800.0
FT-SE 100	1,229.0	1,214.6	1,029.0
FT-A All-share	590.93	585.46	486.76
FT-A 500	649.17	642.05	520.02
FT Gold mines	445.3	459.0	529.5
FT-A Long gilt	10.52	10.46	10.02
TOKYO			
Nikkei-Dow	1,157.52	1,1558.06	9,961.25
Tokyo SE	917.04	918.93	739.87
AUSTRALIA			
All Ord.	715.3	721.4	786.4
Metals & Mins.	393.6	400.5	566.8
AUSTRIA			
Credit Aktien	59.09	59.09	55.60
BELGIUM			
Belgian SE	2,159.01	2,160.53	137.83
CANADA			
Toronto			
Metals & Minls	1,906.5	1,896.0	2,518.0
Composite	2,355.3	2,353.7	2,585.7
Montreal			
Portfolio	117.36	117.0	127.18
DENMARK			
Copenhagen SE	158.99	160.36	217.21
FRANCE			
CAC Gen	182.9	181.4	163.7
Ind. Tendance	101.3	100.6	86.9
WEST GERMANY			
FAZ-Aktien	386.65	382.53	358.91
Commerzbank	1,123.5	1,112.7	1,063.6
HONG KONG			
Hang Seng	1,281.87	1,260.30	909.56
ITALY			
Banca Comm.	229.87	229.91	290.77
NETHERLANDS			
ANP-CBS Gen	187.5	187.1	166.1
ANP-CBS Ind	149.0	149.0	138.0
NORWAY			
Oslo SE	301.18	293.19	228.37
SINGAPORE			
Straits Times	790.78	795.72	1,027.93
SOUTH AFRICA			
Golds	n/a	917.1	839.4
Industrials	n/a	928.9	994.6
SPAIN			
Madrid SE	105.15	104.55	102.29
SWEDEN			
J & P	1,406.65	1,390.23	1,492.47
SWITZERLAND			
Swiss Bank Ind	397.1	389.9	388.6
WORLD	*Jan 4*	*Prev*	*Year ago*
Capital Int'l	184.6	184.8	184.3

GOLD (per ounce)

	Jan 7	Prev
London	$296.50	$301.50
Zürich	$297.85	$303.35
Paris (fixing)	$298.04	$305.29
Luxembourg	$295.75	$303.00
New York (Feb)	$303.70	$299.70

* *Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Jan 7	Previous	Jan 7	Previous
$	–	–	1.142	1.1545
DM	3.176	3.168	3.625	3.655
Yen	255.85	253.1	292.0	292.0
FFr	9.7175	9.6925	11.095	11.17
SwFr	2.646	2.632	3.0225	3.03
Guilder	3.586	3.572	4.10	4.125
Lira	1,946.0	1,941.5	2,224.5	2,235.75
BFr	63.35	63.35	72.55	73.05
C$	1.32155	1.319235	1.5135	1.52275

INTEREST RATES

	Jan 7	Prev
Euro-currencies (3-month offered rate)		
£	10⁷⁄₁₆	10¼
SwFr	4¹³⁄₁₆	4⅞
DM	5⅝	5⅝
FFr	10⅞	10¹³⁄₁₆
FT London interbank fixing (offered rate)		
3-month U.S.$	8⅝	8¾
6-month U.S.$	9⅛	9¼
U.S. Fed Funds	8*	7½
U.S. 3-month CDs	8.10*	8.45
U.S. 3-month T-bills	7.77*	7.79

U.S BONDS

Treasury	Jan 7* Price	Jan 7* Yield	Prev Price	Prev Yield
9⅞ 1986	99²⁵⁄₃₂	9.98	99²¹⁄₃₂	10.05
11⅝ 1992	100 ¹⁄₃₂	11.61	100¹⁰⁄₃₂	11.56
11⅝ 1994	100²⁴⁄₃₂	11.48	99³⁰⁄₃₂	11.63
11¾ 2014	101²⁶⁄₃₂	11.51	100²⁹⁄₃₂	11.67
Corporate	Jan 7* Price	Jan 7* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	95⅞	11.40	95⅞	11.40
3⅞ July 1990	73½	10.30	73½	10.30
8⅝ May 2000	76⅛	12.25	76⅛	12.25
Xerox				
10⅞ March 1993	93⅜	12.00	93⅜	12.00
Diamond Shamrock				
10⅜ May 1993	92⅝	12.10	92⅝	12.10
Federated Dept Stores				
10⅜ May 2013	86⅜	12.30	86⅜	12.30
Abbot Lab				
11.80 Feb 2013	94½	12.50	94½	12.50
Alcoa				
12⅝ Dec 2012	96⅛	12.75	96⅛	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
Mar	71–10	71–14	70–29	70–10
U.S. Treasury Bills (IMM)				
$1m points of 100%				
Mar	91.89	91.90	91.79	91.72
Certificates of Deposit (IMM)				
$1m points of 100%				
Mar	91.13	91.14	91.01	90.91
LONDON				
Three-month Eurodollar				
$1m points of 100%				
Mar	90.70	90.72	90.62	90.60
20-year Notional Gilt				
£50,000 32nds of 100%				
Mar	105–14	105–17	105–07	105–17

COMMODITIES

(London)	Jan 7	Prev
Silver (spot fixing)	509.85p	527.90p
Copper (cash)	£1,143.50	£1,142.50
Coffee (Mar)	£2,283.50	£2,276.50
Oil (spot Arabian Light)	$27.90	$27.80

WALL STREET

Hopes rise of further Fed easing

FINANCIAL MARKETS on Wall Street rebounded vigorously from recent weakness yesterday when fresh evidence of sluggishness in the economy reawakened hopes of a further easing in Federal Reserve credit policies, *writes Terry Byland in New York.*

Bond prices headed higher, encouraged by a fall in short-term interest rates behind a lower federal funds rate.

The stock market moved ahead strongly for a time, but buying interest failed to spread beyond the leading stocks. After brushing against the 1,194 mark, the Dow Jones industrial average ended the day at 1,190.59, a net gain of 5.63 points.

The American Stock Exchange index, reflecting the smaller U.S. companies, remained on the downside. Market turnover improved, to show a shares traded total of 86.6m.

The deflationary signals from the oil and precious metals markets found strong support from the latest opinion survey among U.S. industrial purchasing managers. Quoting setbacks in new orders, production and employment in November, the reports took a more bearish view of the economic outlook than previous ones.

Wall Street's immediate response was that the Fed was more likely now to maintain, or extend, the easing in credit policies set in train before Christmas, when the discount rate was cut to 8 per cent. The dip in short-term rates brought expectations of further reductions in prime lending rates by the larger banks.

In the stock market, the hope of lower interest rates outweighed fears of recession.

With oil prices still tumbling, airline stocks rose strongly. United Airlines, at $45⅝, jumped $⅞, and American Airlines, its main competitor on domestic routes, gained $½ to $36⅛.

Utility stocks, always quick to benefit from hopes of lower interest rates, were in demand, pushing the Dow utilities average ahead.

Among industrials, the most active feature was the expected merger of Occidental Petroleum with Diamond Shamrock. Wall Street had doubts about the plan – one analyst described it as the merger of the sector's two ugly ducklings. Heavy trading in Occidental drove the stock down $1⅞ to $23⅜, while Diamond Shamrock, *equally active, fell $⅝* to $20⅛.

Computer issues, badly shaken last week, staged a recovery. IBM gained $⅞ to $120⅛, Burroughs was $⅝ higher at $55⅝ and Control Data at $34½ added $⅞. Honeywell, hurt by a downgrading from some brokerage analysts, remained dull, $¼ off at $56¼.

The pharmaceutical groups, hostage to a strong dollar which hurts their overseas pricing, looked sluggish, however. Pfizer was unchanged at $39¼. Reports that the board is having difficulty in its admitted search for a bid suitor took $⅝ off G. D. Searle, at $63¼.

Apple Computer, $⅝ off at $28¾, looked nervous as Atari, under its new boss, Mr Jack Tramiel of Commodore fame, moved to compete with Apple's Macintosh home computer. Commodore was $⅜ off at $17.

Retail stocks, unsettled by the disclosure *of disappointing Christmas sales* figures, turned in a ragged performance. Federated Department Stores recouped $⅝ of recent losses to stand at $52, but Sears, was $⅛ down at $31¼, and J. C. Penney, $⅝ easier at $44⅞, lacked sparkle. Toys R Us, however, steadied at $38⅛, up $⅛.

The credit market received further encouragement from a dip in the federal funds rate to 8 per cent. The bond market, which now has a two-week respite from the Treasury funding programme which upset prices last week, moved up somewhat erratically. The price of the key long bond, at 101²⁶⁄₃₂, was ²⁹⁄₃₂ higher.

Treasury bills were four to 10 basis points lower, and bank certificates of deposit gave up a similar amount.

LONDON

Blue chips sweep away uncertainty

BLUE CHIPS confounded many London market operators yesterday by surging to a new all-time peak as the FT Ordinary index rose 14.7 to a record 955.7. The rise flew in the face of pre-market indications of stock and share values bowing to the uncertainty surrounding interest rates and North Sea oil prices.

Institutional investors ignored these signs and soon committed funds to a range of top quality names. Equities with overseas earnings potential were singled out for particular attention.

Midland Bank recovered some of last week's losses and, amid rumours that *BAT Industries was preparing a bid,* gained 14p to close at 352p.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30-31

AUSTRALIA

WEAKER *precious* and base metal prices unsettled Sydney as concern continued over the strength of the U.S. dollar. The All Ordinaries index turned 6.1 weaker to 715.3

Poor prospects for firm oil and gas prices lingered, and disappointing exploration results from the Timor Sea extended the setback into hydrocarbon-related issues.

Among the leaders, BHP shed 7 cents to A$4.92, while in banks ANZ fell 14 cents to A$4.98. News Corporation dropped 20 cents to A$10.80.

SOUTH AFRICA

THE SHARPLY lower bullion price failed to make a significant dent on Johannesburg gold shares.

Free State Geduld gained R1 to R44.50, while Driefontein held steady at R48.50 and Buffels eased 40 cents to R10.25.

Diamond share De Beers lost 2 cents, and among platinum issues Rustenburg firmed 10 cents to R15.

CANADA

GOLD, transport and financial service stocks led the decline in a slightly lower Toronto.

Dome Petroleum was unchanged at C$2.16 in active early trading, while Canadian Pacific dropped C$⅛ to C$48⅝.

Industrials and utilities displayed some strength in an easier Montreal, with banks taking the brunt of the losses by midsession.

SINGAPORE

LETHARGY dominated Singapore as modest losses were encountered in thin trading and the Straits Times Industrial index fell 4.94 to 791.51.

*DBS suffered one of the largest de*clines of the session, a 15-cent fall to S$5.30 ex-all, while Malayan Banking shed 5 cents to S$5.45.

EUROPE

Institutions lead way to new peaks

A RESURGENCE of demand by institutional investors after their absence during the recent holiday period took **Frankfurt** shares to record levels yesterday.

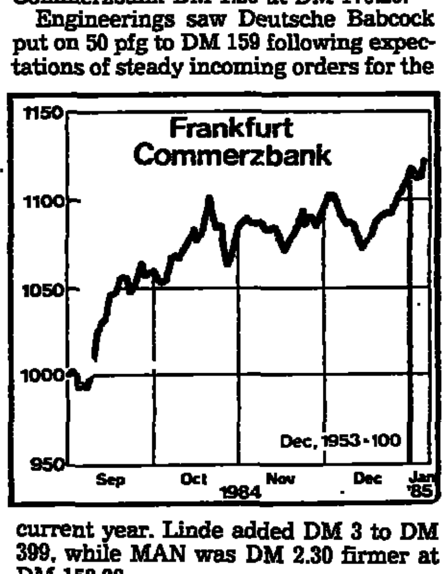
The Commerzbank index put on 10.8 to 1,123.5, compared with the previous record of 1,118.4 set last Wednesday.

The market also benefited from renewed foreign demand for stocks, with overseas investor interest again whetted by the continued strength of the dollar.

Allianz added DM 36 to DM 1,026 following a report quoting Herr Wolfgang Schieren, chief executive, as saying that the insurer is considering going into the banking business.

Banks found favour, with Deutsche Bank DM 6.20 higher at DM 389.70, Dresdner DM 2.50 at DM 193.70 and Commerzbank DM 1.20 at DM 170.20.

Engineerings saw Deutsche Babcock put on 50 pfg to DM 159 following expectations of steady incoming orders for the current year. Linde added DM 3 to DM 399, while MAN was DM 2.30 firmer at DM 158.80.



Bond prices ended lower, with many investors remaining out of the market amid concern over the strength of the dollar and in the absence of any clear lead from Friday's mixed close of U.S. credit markets.

The low level of business was reflected in Bundesbank sales of just DM 200,000 of paper, compared with sales totalling DM 83.4m on Friday.

A firm tone emerged in active **Zurich** trading, taking shares to a 12-month high – the result of the high level of liquid funds traditionally enjoyed by Swiss institutions at this time of year, together with strong foreign demand.

Nestlé put on SwFr 175 to SwFr 5,850 following approval by the U.S. Federal Trade Commission of the takeover of Carnation by Nestlé's U.S. subsidiary.

Banks were firm, with Union Bank SwFr 15 ahead at SwFr 3,615 and Crédit Suisse SwFr 25 firmer at SwFr 2,375.

Bonds ended quietly steady.

Reinvestment of half-yearly dividend payments from nationalised companies provided a spur to higher **Paris** prices. Further demand emerged from investors returning to the market after a long New Year holiday.

A FFr 1.70 rise to FFr 6 by the heavy engineering concern Creusot-Loire, which is currently in bankruptcy proceedings, was attributed to short covering.

Amsterdam turned in a mixed performance although the ANP-CBS General index set an all-time high, rising 0.4 to 187.5 from the previous peak of 187.1 seen last Friday. Publisher VNU rose 50 cents to Fl 215. It expects 1984 profits to be at least 30 per cent higher than the Fl 35.1m earned in 1983.

Bonds were mixed but showed renewed strength in late trading amid continued expectations of a fall in interest rates over the next month.

Brussels was lower in sluggish trading, while **Milan** was also easier after a session marked by technical and speculative factors ahead of monthly settlements.

Stockholm, however, began the week on a firmer note, while **Madrid** shares were also higher in active trading. An advance in **Oslo** took shares to a 12-month high.

TOKYO

Strong rise despite the constraints

THE YEN'S PLUNGE and uncertainty about Wall Street kept trading low in Tokyo yesterday, but the Nikkei-Dow Jones average climbed close to an all-time high as biotechnology-related stocks and non-life insurance issues advanced, *writes Shigeo Nishiwaki of Jiji Press.*

The market average added 30.36 to close at 11,575.52, only 1.92 short of the record high registered on December 4. Volume totalled 329.99m shares compared with 280.23m for Saturday's half-day session. Advances outnumbered declines by 335 to 319, with 140 issues unchanged.

Investors had expected stock prices to soar in the new year, but the market has so far lacked energy. The yen's plunge close to Y255 to the U.S. dollar yesterday and the prevailing view that Wall Street would not be able to stage a rally for some time dampened investor enthusiasm.

Biotechnology-related stocks drew buy orders, however. Unitika, most active with 17.38m shares changing hands, gained Y11 to Y220. Asahi Chemical, third with 10.36m shares, rose Y10 to Y720. Toyojozo surged Y100 to Y1,450 and Kuraray Y42 to Y788.

Financial stocks, which spurted late last year, dropped on a wide front, with city banks suffering large declines. In particular, Sumitomo Bank lost Y50 to Y1,780. Leading brokerage houses came under profit-taking pressure, with Nomura Securities and Daiwa Securities dropping Y13 to Y947 and Y10 to Y670, respectively.

Non-life insurers were purchased again near the close, however. Tokio Marine and Fire advanced Y14 to Y779 on turnover of 10m shares, while Yasuda Fire and Marine finished Y9 up at Y404.

Bond prices dropped for the third consecutive session, reflecting the yen's weakness. Some medium-sized securities houses sold bonds in small lots, spreading fears of a further decline, and some other financial institutions followed suit.

The yield on the benchmark 7.3 per cent government bonds due in December 1993 rose to 6.570 per cent.

HONG KONG

HEAVY TRADING, spurred by strong overseas demand, combined with signs of a recovery in the local property market to buoy Hong Kong shares for the sixth consecutive session.

The Hang Seng index rose 19.57 to 1,281.87, partly aided by a vibrant utilities sector.

Cheung Kong gained 50 cents to HK$11.50, while Hongkong Land added 3 cents to HK$3.82. Hongkong Electric firmed 20 cents to HK$7.

Losses, however, were sustained by Hutchison Whampoa, 20 cents cheaper at HK$18.90, and Jardine Matheson, 5 cents down at HK$8.55.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33½	16⅞	AAR	.48	2.7	14	80	18⅛	17⅝	17⅝	-⅛
30½	9⅞	AGS			10	130	13⅜	12¼	12¼	-⅞
21½	13½	AMCA	1	7.1		192	14⅛	14	14	-⅛
17⅜	13¼	AMF	.50	3.5	80	150	14⅛	14⅛	14⅛	
41⅞	24⅛	AMR			6	6576	36⅜	35⅞	36⅜	+½
20⅞	16⅛	AMR	pf2.18	11.		15	19⅝	19⅛	19⅜	+⅛
41½	27½	AMR	pf2.13	5.7		533	37¼	36½	37	+⅝
23	19	ANR	pf2.12	11.		1	19⅝	19⅝	19⅝	
69⅞	44⅞	ASA	3	6.4		1009	47⅛	45⅞	46⅝	+⅞
30⅛	15	AVX	.32	1.9	10	40	17	16⅞	16⅞	
48⅞	36⅞	AbtLab	1.20	3.0	13	2538	40⅞	40	40⅞	+⅞
23⅞	16½	AccoWd	s.44	2.0	18	59	22	21⅞	22	+⅛
27⅞	12½	AcmeC	.40	2.9		44	14	13½	14	+½
16⅞	15	AdaEx	2.11e	13.		86	16⅝	16½	16⅝	+⅛
18⅞	11⅞	AdmMl	.32	1.9	8	28	16½	16⅛	16½	+½
21⅞	8½	AdvSys	.81t	7.4	19	124	11	10⅝	11	+⅛
41⅞	25⅛	AMD			13	2297	29⅞	28⅞	28⅞	-⅞
14⅞	6⅞	Advest	.12	1.5		48	8⅛	7⅞	7⅞	
15½	8⅞	AerFlex			10	105	11	10⅝	11	+⅛
39	27⅛	AetnLf	2.64	7.2	31	2532	36⅞	36½	36⅝	+⅛
34½	15⅞	Ahmns	1.20	4.8	11	310	25⅛	24⅞	24⅞	+½
5⅞	2⅞	Aileen				20	2⅞	2⅞	2⅞	
48⅞	38½	AirPrd	1.20	2.7	10	1504	45⅛	44½	45⅛	+½
30½	13	AirbFrt	.60	3.2	10	59	18⅞	18⅞	18⅞	+⅛
4⅞	1⅞	AlaMoa	.50e	13		68	4	3⅞	4	
31	26⅞	AlaP	pfA3.92	13		16	u31⅛	30⅞	31⅛	+⅝
7⅞	6	AlaP	dpf.87	12.		29	7⅞	7⅛	7⅛	-⅛
71	61½	AlaP	pf 9	13.		z100	69	69	69	+1
64½	58	AlaP	pf8.28	13.		z450	63	62⅞	63	+1½
13⅞	10⅞	Alagsc	s.92	7.4	8	1	12½	12½	12½	
17⅞	9⅞	AlskAir	.14	.9	8	349	15	14⅞	15	+⅞
22⅞	15⅞	Alberto	.54	2.7	17	10	20⅞	20⅞	20⅞	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

هكذا اصل الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
39½	27⅝	Wilco	1.48	4.4	8	186	33⅞	33¼	33¾	+½
17⅜	9½	WolvrW	.24	2.2	15	171	10¾	10½	10¾	
27½	18⅝	WoodPt	.72	3.5	15	90	20⅜	20¼	20⅜	+⅛
38⅝	29⅝	Wolwth	1.80	4.8	9	421	37¼	36⅝	37¼	+⅛
5¼	2⅜	WrldAr				11	2⅝	2⅝	2⅝	+⅛
61	45	Wrigly	1.80a	3.0	11	21	59½	59¼	59¼	−¼
8⅝	3⅛	Wurlitzr				21	3¼	3⅛	3¼	+⅛
24⅝	10⅞	WyleLb	.32	2.3	9	73	14	13¾	13⅞	−⅛
		X–Y–Z								
51	33¾	Xerox	3	7.9	11	2446	38⅛	37½	37¾	
50½	45¼	Xerox	pf5.45	11		504	49	49	49	+⅛
36½	19	XTRA	[illegible]	2.8	9	936	24⅛	23¾	23¾	+⅝
31¼	24	ZaleCp	1.32	5.2	8	158	25¼	24½	25¼	−¼
24⅞	15¾	Zapata	.84	5.2	13	270	16½	16¼	16¼	−⅛
49	28¼	Zayre	.40b	.9	12	93	45	44¼	44½	+½
38⅝	18⅞	ZenithE			6	595	19¼	18⅝	18⅝	−⅜
26¼	18	Zero	.40	1.7	18	61	23¾	23¼	23¾	+½
30½	21⅛	Zurnin	1.32	5.0	11	410	26⅜	26	26¼	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Jan. 7	Price Schs	+ or −
Creditanstalt	228	
Goesse	331	
Interunfall	400	
Laenderbank	227	−2
Perlmooser	364	−1
Steyr-Daimler	164	
Veitscher Mag.	250	−1

BELGIUM/LUXEMBOURG

Jan. 7	Price Frs.	+ or −
B.B.L.	1,870	−20
Banq. Int. A. Lux	6,500	
Bekaert B	4,510	−20
Ciment CBR	2,505	−5
Cockerill	258	−5
Delhaize	5,560	
EBES	2,870	−15
Electrobel	8,020	−80
Fabrique Nat	2,085	−25
GB Inno BM	3,120	−70
GBL (Brux)	2,050	
Gevaert	3,610	+10
Hoboken	6,150	
Intercom	2,070	+20
Kredietbank	7,690	−10
Pan Hldgs.	9,850	
Petrofina	6,930	−20
Royale Belge	10,125	50
Soc. Gen. Banq	3,400	−25
Soc. Gen. Belge	1,845	
Sofina	7,400	−100
Solvay	4,100	−5
Stanwick Intl.	1,450	
Tractionel	4,005	
UCB	4,950	−35
Wagon Lits	2,380	20

DENMARK

Jan. 7	Price Knr %	+ or −
Andelsbanken	259	−6
Baltic Skand	545	−5
CopHandelsbank	264	−8
D. Sukkerfab	465	1
Danske Bank	264	7
De Danske Luft	1,085	
East Asiatic	138	−1
Forenede Brygg.	780	−10
Forenede Damp.	57	−1
GNT Hldg	375	
I.S.S.B.	350	−4
Jyske Bank	464	−10
Novo Ind.	1,320	
Privatbanken	226	5
Provinsbanken	314	−4
Smidth (F)	223	1
Sophus Berend	890	
Superfos	404	

FRANCE

Jan. 7	Price Frs.	+ or −
Emprunt 4½% 1973	1,637	−21
Emprunt 7% 1973	8,080	−117
Accor	240.5	+3.5
Air Liquide	564	−7
BIC	512	−6
Bongrain	1,690	−30
Bouygues	739	−10
BSN Gervais	2,340	11
CIT-Alcatel	1,280	−14
Carrefour	1,800	−10
Club Mediter'n	1,070	+12
Cie Bancaire	576	−6
Cofimeg	239.5	−0.8
Damart	2,260	+20
Darty	1,089	+6
Dumez S.A.	704	−10
Eaux (Cie Gen)	645	+16
Elf Aquitane	224	−7.9
Essilor	2,890	−10
Gen. Occidentale	655	
Imetal	78.5	+1.4
Lafarge Coppee	370	−7
L'Oreal	2,268	−28
Legrand	1,851	−3
Maisons Phenix	204	−7
Matra S.A.	1,745	−3
Michelin B	745	−10
Midi (Cie)	2,078	−47
Moet Hennessy	1,897	−8
Moulinex	90.65	−0.05
Nord Est	75.95	−0.06
Pernod Ricard	718	+12
Perrier	486	−2
Petroles Fra.	247.5	+1.7
Peugeot S.A.	244.8	−4.8
Printemp.Aus.	182.5	1.5
Radiotech	219	−7
Redote	1,192	19
Rousul-Uclaf	1,679	1
Sefimeg	281	−3.5
SkisRossgnol	1,860	−40
Telemech Elect.	2,235	35
Thomson CSF	420	4
Valeo	242.5	−0.5

GERMANY

Jan. 7	Price Dm.	+ or −
AEG Telef.	101.4	−0.7
Allianz Vers	1026	−36
BASF	184.3	−2
Bayer	195	−1.6
Bayer Hypo	336	−2
Bayer-Verein	333	−5
BHF-Bank	278	−1.5
BMW	374.8	−4.8
Brown Boveri	199	
Commerzbank	170.2	−1.2
Cont'l. Gummi	115.8	−0.9
Daimler-Benz	603	−6
Degussa	344.5	−1.5
D'sche Babcock	159	+0.5
Deutsche Bank	389.7	+6.2
Dresdner Bank	193.7	−2.5
GHH	164.5	+1.7
Hochtief	490	
Hoechst	191.9	+0.9
Hoesch Werke	97.5	−0.7
Holzmann P.	375	−11
Horten	179	+1
Hussel	300	+1
Karstadt	238.5	−1.5
Kaufhof	218.5	−1
KHD	254.5	
Kloeckner	71.5	
Linde	399	−3
Lufthansa	188.5	−4.5
MAN	158.8	−2.3
Mannesmann	152.6	−1.6
Mercedes Hld.	524	+9.5
Metallgesell	218.5	−2.5
Munech Rueck	1080	−5
Nixdorf	619.8	
Porsche	1040	+7.5
Preussag	253	−1
Rhein West Elect	167.8	−1.4
Rosenthal	249	−0.5
Schering	455	−3
Siemens	484.4	−3.9
Thyssen	81.4	0.1
Varta	175.8	−0.2
Veba	173	−0.5
V.E.W.	124	−1
Verein-West.	301	−1
Volkswagen	212.6	+4.4

ITALY

Jan. 7	Price Lira	+ or −
Banca Com'le	16,840	+40
Bastogi-IRBS	1772.5	10.25
Centrale	2,197	−23
Credito Varesino	3,999	
Fiat	2,065	40
Finsider	49.75	−5.75
Generali Assicur.	3,480	−50
Invest	2,925	
Italcementi	69,010	+610
La Rinascenti	622	−6
Montedison	1,340	−36
Olivetti	6,895	−10
Pirelli Co.	3,460	20
Pirelli Spa	1,891	−35
Snia BPD	2,103	−51
Toro Assic.	12,950	−50
do. Pref.	9,900	150

NETHERLANDS

Jan. 7	Price Fls	+ or −
ACF Holding	190	
AEGON	156	
Ahold	201	−4.5
AKZO	103	−0.6
ABN	383	+9
AMEV	217	
AMRO	71.3	−2.9
Bredero Cert.	150.5	+2
Bos Kalis Westm.	13	−0.1
Buehrmann-Tet.	76	−1
Calland Hldgs.	33.7	0.1
Dordtsche Pet'm	159.8	0.7
Elsevier-NDU	118.2	0.1
Fokker	91	+0.5
Gist Brocades	173.3	−0.3
Heineken	151	+1.9
Hoogovens	70.5	+1.8
Int Mueller	43.4	−0.4
KLM	47.5xc	+0.3
Naarden	48	−0.9
Nat Ned Cert	266.5	+1
Ned Mid Bank	155.5	+5
Nedlloyd	152.5	+1
Oce Grinten	288.5	−1.5
Ommeren (Van)	28.7	
Pakhoed	72	−1
Philips	56.8	+0.5
Robeco	69.6	0.1
Rodamco	136.8	
Rolinco	63	
Rorento	43.5	+0.2
Royal Dutch	174.6	0.4
Unilever	318	−2
VMF Stork	144.5	−1
VNU	215	−0.5
West Utr Bank	125	+1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Jan. 7	Price Kroner	+ or −
Bergens Bank	160	
Borregaard	367.5	−5
Christiania Bank	158	
DenNorske Cred	161	
Elkem	127	−6
Kvaerner	170	−0.5
Norsk Data	380	
Norsk Hydro	104	−4
Storebrand	225	2

SPAIN

Jan. 7	Price Pta %	+ or −
Bco Bilbao	312	−2
Bco Central	312	−3
Bco Exterior	203	
Bco Hispano	175	−1
Bco Popular	380	
Bco Santander	333	
Dragados	168	−2
Hidrola	83.2	−0.7
Iberduero	87	
Petroleos	153.2	−1.5
Telefonica	99.7	+0.5

SWEDEN

Jan. 4	Price Kronor	+ or −
AGA	367	−3
Alfa Laval	198	−3
ASEA (Free)	325	
Astra (Free)	338	+3
Atlas Copco	102	+4
Cardo (Free)	270	
Cellulosa	127	
Electrolux B	256	−5
Ericsson	266	−1
Esselte	300	−5
Mo Och Domsjo	300	−5
Pharmacia	190	−5
Saab Scania Free	430	
Sandvik	340	
Skandia	270	
Skan Enski'da	55	
SKF	180	−4
St Kopparbergs	160	
Sven Handlesbn.	191	
Swedish Match	255	−2
Volvo B (Free)	222	+4

SWITZERLAND

Jan. 7	Price Frs.	+ or −
Alusuisse	745	
Bank Leu	3,765	−35
Brown Boveri	1,420	−25
Ciba Geigy	2,530	+25
do. (Part Certs)	2,060	+15
Credit Suisse	2,375	+25
Elektrowatt	2,650	+20
Fischer (Geo.)	625	+10
Hoff-RochePtCts	89,000	+2,875
Hoff-Roche 1/10	8,925	+300
Jacobs Suchard	6,400	−75
Jelmoli	1,920	−30
Landis & Gyr	1,590	
Nestle	6,850	+175
Oer-Buehrle	1,340	−5
Pirelli	262	−3
Sandoz (Br)	7,250	+200
Sandoz (PtCts)	1,165	+15
Schindler (PtCts)	645	
Sika	1,080	+50
Surveillance	3,915	+80
Swissair	1,085	+15
Swiss Bank	364	+3
Swiss Reinsce	8,600	+100
Swiss Volksbk	1,490	+10
Union Bank	3,615	+15
Winterthur	3,350	+20
Zurich Ins	18,800	+625

AUSTRALIA

Jan. 7	Price Aust $	+ or −
ANZ Group	4.98	−0.14
Alliance Oil Dev.	1.05	
Ampol Pet.	1.76	
Ashton	0.79	+0.01
Aust Cons Ind.	1.95	−0.05
Aust. Guarantee	2.7	
Aust. Nat. Inds	2.42	−0.02
Aust. Paper	2.28	−0.05
Bell Group	4.9	0.05
Bell Res	4.45	+0.05
Bond Corp Hldgs	1.16	−0.04
Boral	3.16	−0.02
Bougainville	1.51	−0.07
Brambles Inds	3.48	−0.01
Bridge Oil	2.18	−0.1
B.H. Prop.	4.92	−0.07
CRA	4.78	−0.04
CSR	2.7	−0.06
Carlton Utd	4.30	
Castlemaine Tys.	4.25	−0.05
Coles (G.J.)	3.94	−0.01
Comalco "A"	2.00	0.05
Consolidated Pet	0.52	−0.04
Costain Aust	1.25	
Dunlop Aust.	1.68	+0.02
Elders IXL	5.08xc	−0.01
Energ Res.	1.41	−0.01

AUSTRALIA (continued)

Jan. 7	Price Aust. $	+ or −
Gen Prop Trust	2.13	−0.04
Hardie (James)	2.9	0.15
Hartogen Energy	2.2	−0.05
Herald W'yTimes	3.4	
ICI Aust.	1.98	−0.02
Jimberlana F.P.	0.3	
Kia Ora Gold	0.11	−0.01
Lend Lease	5.26	−0.06
MIM	2.23	−0.04
Mayne Nickless	2.9	
Myer Emporium	1.7	+0.04
Nat. Aust. Bank	3.46	−0.01
News	10.8	−0.2
Nicholas Kiwi	6.16	
North Bkn Hill	1.90	−0.05
Oakbridge	0.7	
Pancont'l	0.97	
Pioneer Conc.	1.61	−0.04
Poseidon	2.55	−0.05
Queensland Coal	1.09	
Reckitt & Coln.	3	−0.08
Repco	1.11	
Santos	5.26	−0.12
Smith (Howard)	3.56	−0.01
Thos. Natwide.	1.71	−0.01
Tooth	6.8	
Vamgas	5.28	
Western Mining	2.6	−0.09
Westpac Bank	3.5xr	0.05
Woodside Petrol.	0.92	−0.02
Woolworths	2.57	−0.01
Wormald Intl	3.15	−0.1

HONG KONG

Jan. 7	Price H.K.$	+ or −
Bank East Asia	24.8	
Cheung Kong	11.5	−0.5
China Light	14.3	+1.2
Evergo	1.5	−0.01
Hang Seng Bank	45.75	−0.25
HK Electric	7	−0.3
HK Kowloon Wh.	5.15	−0.1
HK Land	3.82	−0.05
HK Shanghai Bk.	8.7	−0.1
HK Telephone	60	−5
Hutchison Wpa.	18.9	−0.2
Jardine Math.	8.55	−0.05
New World Dev.	5.15	−0.05
Orient O'seas	2.75	−0.05
Oseas Trust Bk.	2.9	−0.05
SHK Props.	8.1	
Shell Elect.	2	−0.06
Swire Pac A.	22.4	+0.5
TV - B	5.25	
Wheel'k Mard A.	4.20	−0.15
Wheel'k M'time	1.15	
World Int. Hldgs.	1.73	−0.01

JAPAN

Jan. 7	Price Yen	+ or −
Ajinomoto	1,080	−40
Alps Electric	1,910	
Amada	1,050	
Asahi Chem.	720	−10
Asahi Glass	872	−5
Bridgestone	520	−5
Canon	1,330	−30
Casio Comp.	1,730	−30
Chugai Pharm.	1,060	
Citizen	570	−15
Daiei	632	
Dai Nippon Ptg	970	−11
Daiwa House	585	−3
Ebara	549	−14
Eisai	1,410	+10
Fanuc	10,690	−200
Fuji Bank	1,400	−30
Fuji Film	1,580	+10
Fujisawa	1,080	
Fujitsu	1,290	−20
Green Cross	1,620	+10
Hasegawa	365	−2
Heiwa Real Est	577	−3
Hitachi	847	−2
Hitachi Credit	1,150	
Honda	1,230	+20
House Food	690	
Hoya	2,080	+60
Itoh (C)	341	−13
Ito. Yokado	2,570	−30
Iwatsu	1,310	−40
JACCS	347	−4
JAL	5,370	−40
Jusco	745	−5
Kajima	280	−1
Kao Soap	815	+1
Kashiyama	625	
Kirin	545	−10
Kokuyo	630	+5
Komatsu	465	−1
Konishiroku	605	−4
Kubota	332	−2
Kumagai	530	−6
Kyoto Ceramic	6,770	−50
Maeda Const	479	−6
Makino Milling	1,160	
Makita	1,030	−10
Marubeni	316	−8
Marudai	560	−5
Marui	1,050	+10
MEI	1,540	−10
M'ta Elec Works	625	+1
M'bishi Bank	1,400	−20
M'bishi	548	−2
M'bishi Elec	402	−1
M'bishi Estate	579	−1

JAPAN (continued)

Jan. 7	Price Yen	+ or −
MHI	255	−7
Mitsui Co	341	−4
Mitsui Estate	709	−6
Mitsukoshi	365	−1
NGK Insulators	935	−7
Nihon Cement	218	−4
Nippon Denso	1,310	
Nippon Elect	1,200	−10
Nippon Express	354	−2
Nippon Gakki	1,350	−30
Nippon Kokan	139	
Nippon Oil	850	−4
Nippon Seiko	655	−15
Nippon Shimpan	625	−2
Nippon Steel	152	−2
Nipppon Suisan	330	
NTV	12,680	−130
Nippon Yusen	260	−4
Nissan Motor	617	−3
Nisshin Flour	478	−8
Nisshin Steel	178	−1
Nomura	947	−15
Olympus	1,080	−10
Orient Leasing	3,300	−40
Pioneer	2,600	
Renown	648	−13
Ricoh	949	−4
Sankyo	1,030	−20
Sanyo Elect.	456	−2
Sapporo	410	−10
Sekisui Prefab	575	−3
Seven Eleven	9,000	−50
Sharp	1,050	−20
Shimadzu	827	−12
Shionogi	680	−10
Shiseido	1,100	
Sony	3,560	−40
Stanley	830	−9
S'tomo Bank	1,780	−50
S'tomo Elect	940	−5
S'tomo Marine	670	+2
S'tomo Metal	149	−1
Taihei Dengyo	505	−22
Taisei Corp	207	−2
Taisho Pharm.	960	−20
Takeda	805	−25
TDK	4,900	−10
Teijin	437	−1
Teikoku	641	−4
Tokyo Marine	779	−14
TBS	829	−3
Tokyo Elect Pwr	1,690	
Tokyo Gas	170	
Tokyo Sanyo	702	−10
Tokyo Style	760	
Tokyu Corp.	318	−1
Toppan Print	865	
Toray	445	−8
Toshiba Elect.	411	
TOTO	701	−20
Toyo Seikan	607	−3
Toyota Motor	1,230	
Victor	1,820	−10
Wacoal	719	−1
Yamaha	695	+4
Yamanouchi	2,600	−10
Yamazaki	675	−10
Yasuda Fire	434	−9
Yokogawa Bdge.	470	

SINGAPORE

Jan. 7	Price $	+ or −
Boustead Hldgs.	1.66	−0.01
Cold Storage	2.56	−0.02
DBS	5.4xa	−0.15
Genting	4.82	−0.04
Haw Par. Bros.	1.97	
Hong Leong Fin.	3.02	−0.06
Inchcape Bhd.	2.36	−0.02
Keppel Shipyard	1.46	−0.01
Malay Banking	5.45	−0.05
Malay Utd. Ind	2.35	−0.05
Multi Purpose	0.93	−0.02
OCBC	8.85	−0.05
OUB	3.76	−0.08
Public Bank	1.69	−0.02
Sime Darby	1.69	−0.05
Singapore Press.	5.85	
Straits Trdg.	4.52	−0.04
Tat Lee Bk.	2.89	
UOB	4.26	−0.02

SOUTH AFRICA

Jan. 7	Price Rand	+ or −
Abercom	1.25	−0.05
AE&CI	7.6	−0.1
Anglo Am Coal	40	−0.5
Anglo Am Corp	22.9	−0.45
Anglo Am Gold	163.25	
Barclays Bank	15.75	−0.25
Barlow Rand	10.25	−0.4
Buffels	66.5	−0.5
CNA Gallo	2.3	
Currie Finance	4.35	
De Beers	8.18	−0.02
Driefontein	48.5	
FS Geduld	44.5	+1
Gold Fields SA	24.25	−0.25
Highveld Steel	3.7	
Nedbank	11.4	−0.2
OK Bazaars	14.5	
Protea Hldns	14	
Rembrandt	29	−1
Rennies	14.25	
Rust Plat	15	+0.1
Sage Hldgs	7.3	
SA Brews	6.7	−0.1
Smith (CG)	21.5	
Tongaat Hulett	7.0	
Unisec	5.25	

CANADA

TORONTO

Closing prices January 7

[illegible]

MONTREAL

Closing prices January 7

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES		
Amersham Int'l.	330	+13
Arrow Chemicals	72	+8
Assoc. Brit Ports	304	+16
BICC	250	+8
BSR Int'l.	138	+11
Boot (Henry)	320	+10
BP	488	+11
Britoil	192	+5
Cable & Wireless	483	+18
Courtaulds	132	+7
Fosseco Minsep	187	+10
GKN	204	+9
Hill Samuel	335	+20
Hillards	382	+18
Imperial Group	194	+10
Jaguar	283	+11
Manch Ship Can.	245	+13
Midland Bank	352	+14
Notting. Manuf.	228	+8
Polly Peck	238	+11
Share Drug Sto.	222	+18
Sterling Guarant	68	+4
TI	242	+6
Tate & Lyle	447	+10
Turriff	305	+12
Vinten	196	+16
FALLS		
Tr 12½pc 2003-05	£115¼	−⅝
Deelkraal Gold	179	−16
Foster Bros.	102	−10
Oliver Prospect.	120	−20

Continued on Page 36

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

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LONDON STOCK EXCHANGE

MARKET REPORT

Equities surge to new peaks despite interest rate and oil price uncertainty

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 24	Jan 10	Jan 11	Jan 21
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue-chip industrial shares confounded many London stock market operators by surging to new all-time peaks yesterday; the FT Ordinary share index closed 14.7 up at a record 955.7. The rise flew in the face of pre-market indications, available before the official 9.30 am opening, of stock and share values bowing to the uncertainty surrounding both interest rates and North Sea oil prices. Resumed weakness in sterling was expected to aggravate the situation.

Institutional investors, however, ignored these adverse influences and within an hour of business starting began committing funds to a range of top-quality shares. Stock shortages were uncovered and later accentuated as potential sellers changed tack and became buyers. Many stocks recommended in the weekend financial columns received attention but the emphasis was generally on companies with overseas earnings potential.

Midland Bank traded freely after last week's depression on Crocker National's further problems. Demand outweighed any fresh offerings and eventually gave rise to speculation that **BAT Industries** could be contemplating extending its foray into the financial services area. The latter would not comment on the rumours and Midland closed 14 up at 352p.

A brighter trend on Wall Street in the early trade gave added encouragement to London equities late, which closed at the session's highest, but not to Government securities. Stronger U.S. bond prices, despite last week's larger-than-expected surge in money supply, merely steadied Gilt-edged stocks. Losses of ⅜ and sometimes more were only reduced by ⅛ or so with sentiment little affected by news of a U.S. broker loan rate cut. Overall trade was light awaiting today's announcement of the December banking statistics; forecasts of the likely movement in sterling M3 range from plus ½ per cent to minus ½ per cent.

Hill Samuel good

Apart from Midland, business in the Banking sector remained in low key, but the other clearers still moved steadily higher and closed at the day's best. **Lloyds** finished 7 up at 532p, while **Barclays**, 562p, and **NatWest**, 592p, both rose 4. Elsewhere, *Press comment stimulated considerable interest in* **Hill Samuel** which moved up 20 to 335p. **Guinness Peat** hardened 3 to 60p for a similar reason, but recently firm **Mercury Securities** encountered profit-taking and slipped 8 to 452p.

Life Insurances attracted small buyers and **Prudential** rose 12 to 508p and **Legal and General** firmed 8 to 558p. Among Composites, **Commercial Union** continued to trade actively and the close was 2 dearer at 190p. **Royals** firmed 4 to 520p. Lloyds brokers finished on a firm note. **Minet** picked up 6 to 237p, while **C. E. Heath** and **Willis Faber** added 5 apiece to 565p and 585p respectively.

After a cautious start, business in Breweries gathered pace and the leaders settled at the day's best levels. **Bass** advanced 7 to 487p, while rises of around 3 were noted in **Whitbread "A,"** 220p and **Scottish and Newcastle**, 132½p. **Allied-Lyons** also rose 3 to 167p, awaiting news of the *expected shake-up of its brewing activities*. In regionals, yet another lively two-way trade developed in recent takeover favourite **Matthew Brown**; down to 265p following "take-profits" advice, the shares staged a useful rally on revived speculative demand and closed only 7 off on balance at 283p. **J. A. Devenish**, supported last week following a bullish circular from brokers Sheppards and Chase, were *marked 25 higher to 525p*.

Leading Buildings gave ground at the outset, but most steadied later in the session and a few *closed better on balance*. **BPB Industries** finished 3 dearer at 268p, after 263p, and **Rugby Portland Cement** gained the turn at 126p, after 124p. Elsewhere, occasional selling clipped 4 from **Taylor Woodrow**, at 360p, and a couple of pence from **Barratt Developments**, at 88p. On the other hand, **Turriff** attracted buyers on takeover suggestions and the close was a net 12 up at 305p. Dealings in housebuilder **William Leech** were suspended at *134p pending an announcement*.

The Chemical sector continued to attract a fair amount of interest. **ICI** firmed 4 to 730p. Bid speculation continued to surround **Arrow** and the price touched 74p prior to closing a net 8 up at 72p. **Anchor** improved 4 to 177p and **Coalite** added 3 to 232p, while **Ellis and Everard** rose 12 to *232p following the* better-than-expected interim results and optimistic statement. Elsewhere, recently overlooked **Amersham International** revived strongly as buyers noted the group's overseas earnings potential and the close was 13 higher at *350p*.

Share Drug buoyant

Weekend Press comment prompted some noteworthy, if contrasting, movements among second-line Stores. Relative newcomer **Share Drug**, quoted on the USM, *highlighted with a rise of* 16 to 222p following an investment recommendation. **Foster Brothers Clothing**, on the other hand, reacted 10 to a 1984-85 low of 102p after adverse mention. Renewed demand lifted **J. Hepworth** 4 to 176p and **Harris Queensway** 3 to *215p*, but **Dixons**, interim results due January 17, eased 5 to 557p. **Selincourt** were also wanted at 17½p, up 1½, while the interim results aided **Asprey**, 50 dearer at 950p. Leading Stores attracted a steady demand and closed a couple of pence firmer for choice.

British Telecom led an improvement in the Electrical leaders, closing 2½ higher at a new peak of 108½p. **BICC** were prominent again with a fresh rise of 8 to 250p, while **GEC** gained 4 to 216p and **Plessey** improved a couple of pence to 204p. Elsewhere, revived demand lifted **Cable and Wireless** 18 to 468p, while **BSR** continued its recent revival and put on 11 more to 158p. In contrast, adverse comment prompted persistent selling of **Acorn Computer** which dipped to 50p before rallying to close at 58p for a fall of 8 on the day. Favourable Press mention, however, lifted **Micro Business Systems** 6 to 223p and **Eurotherm** 7 to 310p.

Leading Engineers came to life after a subdued opening. **GKN**, helped by late support, put on *9 to 204p, while* **TI** *enlivened by* weekend Press mention, advanced 6 to 242p. **Vickers** improved a like amount to 221p. Selective support was forthcoming for secondary issues, with **B. Elliott** noteworthy for a rise of 5½ to 58p. Recovery hopes left **Whessoe** 4 dearer at 96p, while demand in a narrow market prompted a rise of 15 to 490p in **Chemring**. **Carclo** improved a couple of pence to 170p in response to the increased interim dividend and profits.

Takeover favourites featured strongly in Foods. **Tate and Lyle** moved up 10 to 447p on Press suggestions that Dalgety could make an offer, while retailer **Hillards** gained 18 to 362p amid rumours that bid developments were imminent; stock shortages accelerated the rise in the latter. Elsewhere, **Associated Dairies** hardened a couple of pence to 154p awaiting tomorrow's half-timer. **Iceland Frozen Foods** found support and firmed to 398p, but **A. G. Barr** slipped 3 to 238p following lower annual profits.

Press suggestions that the group may reveal annual profits in excess of £100m directed fresh buying towards **Trusthouse Forte**, which rose 6 more to 155p; the results are expected on January 16.

Henry Boot up

Leading miscellaneous industrials maintained a firm trend, although the gains were often modest. **BTR** edged up 5 more to a new 1984-85 peak of 619p, while Hanson Trust put on a like amount to 340p. **Metal Box** gained 8 to 398p and late support lifted **Boots** 5 to 194p. Press mention brought numerous features among secondary issues. **Associated British Ports** advanced 16 to 204p and **Manchester Ship Canal** rose 13 further to 245p, while **Polly Peck** put on 11 to 238p and **Scapa Group** *closed 8 to the* good at 438p. News of the Singapore contract enlivened **Henry Boot**, 10 to the good at 320p. **Vinten** were good at 196p, up 16, in response to a broker's recommendation, while demand in a restricted market lifted **High-Point Services** 20 to 305p. Other bright spots included **British Aerospace**, 8 dearer at 383p, and **Redfearn National Glass** which continued to attract buyers and gained 4 more to 77p. **F. H. Tomkins** firmed a couple of pence to 145p in response to the half-yearly figures.

Tour operators, in the doldrums recently on price war worries, perked up following reports that holiday bookings showed signs of gathering pace. **Horizon** rose 5 to 135p and **Intasun** gained the same amount to 125p. Elsewhere in the Leisure sector, **Trident TV A** firmed 5 to 187p after Press mention.

Jaguar attracted revived support, some from U.S. sources, and touched 267p before settling a net 11 to the good at 265p; sentiment was aided by yet another lively traded option business. Components featured **AE** which benefited again from the bullish tenor of the chairman's annual statement and rose 5 for a two-day advance of 9 to 121p. **Lucas Industries** rose 4 to 257p.

Associated Newspapers hardened 10 to 500p; the preliminary results are scheduled for Friday. Elsewhere, buyers returned for **Carlton Communications**, 25 up at 640p; the new nil-paid shares rose 15 to 150p premium. **Olives Paper Mill** improved 4 to 45p on fresh speculative demand.

Properties bucked the firm trend, drifting easier on occasional selling and lack of interest. **Land Securities** lost 5 to 303p and **MEPC** slipped 3 to 309p, while **British Land** shed 4 to 144p. Elsewhere, **Sterling Guarantee** attracted fresh support on revived suggestions of a merger with P & O and the close was 4 higher at 68p. News of the reduced interim loss helped **Berkeley and Hay Hill** improve ½ to 10½p.

Movements among Textiles were generally attributable to Press mention. **Courtaulds** rose 7 to 132p for this reason, as did **Nottingham Manufacturing**, dearer at 226p, after 232p. *Among smaller-priced counters*, **Victoria Carpet** hardened a couple of pence to 32p.

Tobaccos proved to be one of the day's liveliest sectors. Press suggestion that a decision on the future of the Howard Johnson operation is imminent stimulated renewed support of **Imps** which advanced 10 to 194p, after 195p; the interim results are due on February 14. Investors also displayed enthusiasm for **Bats**, 10 up at 350p.

Oils advance

Oils made an uneasy start to the day and eased a couple of pence but quickly staged a good rally as crude oil prices made a positive response to the spate of bad weather throughout Europe. Initially marked down to 473p, **BP** picked up to end the day 11 higher at 488p, after 490p, while **Shell** closed 8 firmer at 655p and **Royal Dutch** ½ to the good at £42½.

Favourable weekend Press comment and persistent talk of an encouraging oil find off the coast of Indonesia boosted **LASMO** a further 10 to 335p. **Britoil** moved up 5 to 192p, **Ultramar** 8 to 205p and **Tricentrol** 3 to 183p.

Secondary stocks were highlighted by **International Petroleum** which jumped 30 to 170p in response to Press comment, but Ireland's **Oliver Prospecting** *dropped 20 more to 120p in the* absence of news from the latest well drilled in the Celtic Sea.

Golds lose ground

The latest decline in bullion caused widespread losses throughout mining markets. *Bullion fell to $294.50 at one* point before staging a rally to close a net $5 lower at $296.50 an ounce, the first time it has closed below the $300 level since June 21, 1982.

South African Golds consequently continued their recent slide. Values were marked down sharply at the outset of trading, but the subsequent rally in bullion encouraged persistent Continental support for many leading issues and most ended the day well above the lowest levels. The Gold Mines index dropped 13.7 to 445.3, a fall of *33.6 since the beginning of the* year.

Financials were marked down in line with Golds. **Anglo American Corporation** gave up 30 more at 970p and "**Amgold**" ¾ at £68¾, while **De Beers** fell 7 to a 1984-85 low of 345p in front of the 1984 diamond sales figure, expected during the next week or so.

London Financials came under pressure early on but staged a good recovery during the afternoon to close virtually unchanged on balance.

Weak metal prices took their toll of Australians which lost ground throughout the session. In the leaders **MIM** gave up 5 to a 1984-85 low of 156p, while **Western Holdings** lost 7 to 128p and **CRA** 6 to 336p. Among Golds, **Gold Mines of Kalgoorlie** *fell away to close 15 cheaper* at 360p and **North Kalgurli** eased to a year's low of 30p.

Total contracts struck in Traded Options amounted to 9,119 — well above last week's daily average of 6,949. **British Telecom**, interim figures expected this Thursday, recorded 2,351 calls and 1,017 puts. **Jaguar** and **Imperial Group** attracted 755 and 591 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Jan. 7	Jan. 4	Jan. 3	Jan. 2	Dec. 31	Dec. 28	year ago
Government Secs.	80.82	81.15	81.00	81.21	81.71	81.68	83.77
Fixed Interest	85.07	85.04	84.96	85.27	86.35	86.34	87.23
Ordinary	955.7	941.0	938.7	940.4	953.5	945.2	800.0
Gold Mines	445.3	459.0	451.3	473.3	478.9	474.1	589.5
Ord. Div. Yield	4.52	4.58	4.63	4.57	4.53	4.56	4.46
Earnings, Yld.% (full)	11.51	11.65	11.77	11.65	11.51	11.60	9.09
P/E Ratio (net) (*)	10.44	10.31	10.20	10.32	10.43	10.35	13.41
Total bargains (Est.)	24,269	21,515	23,078	19,243	17,323	14,111	20,054
Equity turnover £m.	—	287.18	342.70	232.38	245.69	189.38	312.60
Equity bargains	—	20,820	22,282	18,909	18,264	14,810	31,266
Shares traded (ml)	—	165.2	196.4	126.4	131.0	115.9	196.2

10 am 943.0. 11 am 944.8. Noon 946.9. 1 pm 948.2.
2 pm 949.1. 3 pm 950.8.

Basis 100 Govt. Secs. 15/1/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.09.

HIGHS AND LOWS — S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	955.7 (7/1/85)	755.3 (25/7/84)	955.7 (7/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (8/3/84)	445.3 (7/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Jan. 4	Jan. 3
Daily		
Gilt Edged		
Bargains	131.8	135.4
Equities		
Bargains	134.9	144.4
Value	580.5	692.7
5day Average		
Gilt Edged		
Bargains	105.6	92.6
Equities		
Bargains	123.2	108.7
Value	524.4	455.6

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (90)

BRITISH FUNDS (1)
Treas. 3pc 1985

CORPORATION LOANS (1)
Herts. 6¼pc 1985-87

FOREIGN BONDS (2)
Japan 4pc '10 Ass. Do. 6pc '83-88

AMERICANS (1)
Pall Corp.

BANKS (2)
Hongkong & Shanghai Southern Bus. Leasing

BREWERS (1)
Whitbread A

BUILDINGS (1)
Turiff

CHEMICALS (5)
Amersham Int'l. Ellis & Everard
Coates Bros. Wolstenholme Rink
do A N/V

STORES (3)
Freemans Share Drug
Grattan

ELECTRICALS (5)
Atlantic Computers Emess Lighting
British Telecom TDS Circuits
Cable & Wireless

ENGINEERING (2)
Meggitt Vickers

FOODS (7)
Belam Low (Wm.)
Hillards Matthews (B.)
Iceland Frozen Foods Pyke Hldgs.
Iceland Frozen Foods Utd. Biscuits Wrts.

HOTELS (1)
Trusthouse Forte

INDUSTRIALS (24)
Arenson (A) Jourdan (T.)
BTR Kelsey Inds.
Barrow Hepburn Rank Org.
Blue Arrow Sale Tilney
Bowater Inds. Scapa Group
Bridon Smith & Nephew
China Light Swire Pacific A
De La Rue TSL Thermal Syn.
European Ferries "The Times" Veneer
Halma Unilever N.V.
Hanson Trust Wade Potteries
8pc Cnv. Ln. '04-09 Watsham's
High-Point Svcs.

INSURANCE (1)
Taisho Marine

LEISURE (3)
First Leisure Trident TV A
Juliana's Hldgs.

MOTORS (2)
Jaguar AE

NEWSPAPERS (2)
Bristol Evng Post Morgan Comms.

PAPER (3)
Horne (Robert) Olives Paper Mill
do N V A

PROPERTY (4)
County Props. B Sterling Guarantee
Sterling Guarantee 7pc Cnv. Pref.
Weredhave N.V.

SHIPPING (1)
Gotaas-Larson

TEXTILES (1)
Coats Patons

TOBACCOS (1)
Imperial Group

TRUSTS (12)
Camellia Invs Keystone Inv.
City of Oxford Moorgate Inv.
Derby Trust Inc. Murray Smlr. Mkts.
Equity Consort SPLIT Cap.
F. & C. Eurotrust Tor Inv. Inc.
Jersey General Amal Fin. Invs.

OVERSEAS TRADERS (1)
Finlay (James)

PLANTATIONS (3)
McLeod Russel Plan. & Gen. Invs.
do 8.4pcCnPf 90-92

NEW LOWS (46)

BRITISH FUNDS (2)
Treas. 15pc 1985 Ex.9¼pc'98A(£60pd)

LOANS (1)
Nationwide Bldg. Soc. 10⅛pc 11.11.85

AMERICANS (1)
FPL Group

STORES (3)
Castle (G.B.) Gent (S.R.)
Foster Bros.

ELECTRICALS (2)
Kode Intl. Resource Tech.

ENGINEERING (1)
Hobson

MOTORS (1)
Plaxtons (G.B.)

SOUTH AFRICANS (2)
Anglo Amer. Ind. Barlow Rand

TEXTILES (2)
Nova (Jersey) Knit Palma Group

TRUSTS (2)
Baillie Giff. Tech. Viking Resources

OILS (4)
Charterhouse Pet. Monarch Pet.
Magnet Metals Ranger Oil

PLANTATIONS (1)
Bertam

MINES (24)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Mon Jan 7 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Fri Jan 4 Index No.	Thur Jan 3 Index No.	Wed Jan 2 Index No.	Mon Dec 31 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (207)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	487.78

FIXED INTEREST

PRICE INDICES	Mon Jan 7	Day's change %	Fri Jan 4	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$280	—	—	—	—	20	33	$296.30
GOLD C	$300	5	9	46	16	—	—	"
GOLD C	$320	—	—	—	—	26	15	"
GOLD C	$325	13	2.10	38	7.20	—	—	"
GOLD C	$340	—	—	—	—	4	8	"
GOLD C	$375	20	0.30	—	—	—	—	"
GOLD C	$400	24	0.20	—	—	—	—	"
GOLD P	$280	1	4.50	9	7.50	42	9	"
GOLD P	$300	22	10.50 A	119	13	11	15 A	"
GOLD P	$320	—	—	—	—	65	25	"
GOLD P	$325	20	28.40	14	26	—	—	"

TOTAL VOLUME IN CONTRACTS: 31,367.

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984-85 High	1984-85 Low	Stock	Closing price p	+ or −
6	Nil	30/1	3½pm	1¾pm	Tranwood 5p	[illegible]	[illegible]
250cts	Nil	—	67½pm	60pm	Westpac $A1	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully-paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Pfg. share.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 17	Jan 4	Mar 21	Apr 1
Jan. 7	Jan 18	Apr 11	Apr 22
Feb. 4	Feb 15	May 9	May 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Selincourt, Combined Technologies, Mnemos, Hongkong and Shanghai Banking, Acorn Computer, Ramar Textiles, Keep Trust, Ultramar, Midland Bank, Barratt Developments, Weir, Clive Discount, Falcon Resources, Hanson Trust, Premier Oil, Amstrad Consumer Electronics, Aran Energy and Tuskar. A put was transacted in Selincourt, but no doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	86	10
Corpns. Dom. and Foreign Bonds	10	32	31
Industrials	318	165	959
Financial and Props.	95	89	380
Oils	27	23	75
Plantations	4	4	9
Mines	11	100	67
Others	50	73	84
Totals	523	572	1,595

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Computer	58	− 8
Arrow Chemicals	72	+ 8
BAT Industries	350	+ 10
British Aerospace	383	+ 8
BP	488	+ 11
Brown (Matthew)	283	− 7
Carlton Communictns.	640	+ 25
Falcon Resources	210	+ 16
ICI	730	+ 4
Imperial Group	194	+ 10
Midland Bank	352	+ 14
Nottingham Manuf.	226	+ 8

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Midland Bank	15	338	− 3
Polly Peck	15	227	+ 17
Wardle Storeys	15	197	+ 13
Assoc. Dairies	14	152	+ 4
Rank Org.	14	300	+ 10
Cable and Wir.	12	450	+ 5
Lasmo	12	325	+ 12
P & O Defd	12	312	+ 5
Racal Elect	12	262	+ 6
Allied Lyons	11	164	+ 11
BTR	11	614	+ 11
Barratt Devels.	11	90	+ 11
Bejam	11	151	+ 11
De Beers Dfd.	11	352	+ 4

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*485)	390	100	105	—	1	3	—
	420	70	78	—	1	5	—
	460	35	43	50	6	14	22
	500	7	20	28	25	33	42
	550	2	9	—	70	75	—
Cons. Gold (*474)	460	24	40	50	5	18	24

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.
Imperial Gp. (*195)	140	56	59	—	1	2
	160	36	40	43	2	3
	180	16½	21	25	4	7
LASMO (*335)	280	62	—	—	3	—
	300	43	48	58	5	10
	330	25	35	42	13	20
	360	8	20	25	33	40
Lonrho (*163)	130	35	—	—	1	—
	140	25	29	33	2	3½
	160	10	15	18	6	11
	180	3	6	8½	19	22
P. & O. (*314)	260	59	63	—	1	2
	280	40	44	—	2	4
	300	24	28	34	4	8
	330	8	16	20	19	23
Racal (*264)	220	50	58	—	2	2
	240	32	42	50	3	5
	260	15	26	34	9	11
	280	7	16	22	22	24
R.T.Z. (*581)	500	82	—	—	2	—
	550	47	57	65	8	18
	600	20	32	38	33	44
	650	7	14	20	75	84
Vaal Reefs (*$77)	80	5½	9	11½	7	12½
	90	1¾	5½	8	13	17½
	100	1	2	4½	23½	25½

Option		Calls Mar.	Calls Jun.	Calls Sept.	Puts Mar.	Puts Jun.
Beecham (*378)	300	87	—	—	2	—
	330	58	65	—	3	5
	360	37	45	53	7	12
	390	16	22	28	23	30
Bass (*485)	360	135	138	—	1½	3
	390	103	108	—	2	4
	420	75	83	—	4	6
	460	38	47	52	8	13
	500	14	22	30	23	30
De Beers (*$5.93)	420	23	40	50	45	60
	460	12	27	32	80	85
	500	4	16	—	115	130
	560	2	8	—	160	175

Jan. 7. Total contracts 9,119. Calls 6,610. Puts 2,509.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا اصل الأصل

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	46	.....	2.5	3.2	7.8	4.5
64	28	(Mainmet) Hldgs 10p	30	.....	—	—	—	—
270	157	Man. Ship Can. £1	245	+13	5.5	3.5	3.2	12.6
98	65	Marley	97	−1	t3.2	2.5	4.7	10.9
61	40	Marling Ind. 10p	52½	.....	td3.0	5.6	3.5	6.2
46	29	Marshall L'xy. 'A'	37	.....	t1.2	3.6	4.6	(6.6)
65	37	Marshall's Universal	63	.....	t1.75	—	4.0	18.9
89	77	Do. 7¼pcCnRedPf £1	79	.....	7¼%	—	13.6	—
30	20	Martin-Black	22	.....	—	—	—	—
£108	£83	Metalrax 7¾%	£83	.....	Q7¾%	2.3	9.8	—
404	287	Metal Box £1	398	+5	t15.0	3.2	5.4	6.4
220	129	Metal Closures	146	.....	6.3	2.3	6.2	(8.1)
27	12	Metal Sciences 2½p	13	.....	—	—	—	—
19	8	Metamec Jentique	8	.....	0.01	—	—	—
133	83	Midland Marts	90	.....	4.0	1.8	6.3	11.4
71	45	Mitchell Cotts	71	.....	4.0	1.5	8.0	10.1
29	13	Molyn Grp 1p	15	.....	t0.5	2.5	4.8	(9.5)
192	132	Morgan Crucible	190	.....	t7.5	2.2	5.6	(19.2)
*36	24½	Morris (W) F.A. 20p	25½	.....	bg0.5	4.0	2.8	24.2
110	80	Moss (Robt.) 10p	100	.....	t2.5	2.3	3.6	14.5
330	197	MMW Computers	285	+1	6.0	3.0	3.0	15.8
65	38	Nash Inds.	42	.....	2.5	♦	8.7	♦
47	30	Neill & Spencer 10p	39	.....	—	—	—	16.8
33	13	Newman Industries	20	.....	—	—	—	(11.3)
31	16½	Do. 10pc Cu.Cnv.Pf.	20	+½	10%	—	7.0	—
67	39	Norton	46	+3	g1.1	4.5	3.4	7.7
183	132	Norcros	160	−2	t7.5	2.4	6.7	8.4
86	55	Nu-Swift 5p	63	.....	t2.4	3.2	5.4	8.2

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

MINES—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
		Diamond and Platinum					
£73	£37	Anglo-Am.Inv.50c	£38		Q590c	1.0	6.8
616	345	De Beers Df. 5c	345	−7	Q40c	3.6	5.1
925	675	Do. 40pc Pf. R5	675		Q200c	♦	12.7
£11¼	856	Impala Plat. 20c	885	−30	Q135c	1.7	6.7
715	415	Lydenburg 12½c	415	−40	Q50c	♦	5.3
880	620	Rus. Plat. 10c	625	−15	Q60c	1.8	4.2
		Central African					
280	145	Falcon 250c	160		Q100c	2.7	36.4
17	8	Wankie Col. Z$1	12		—	—	—
21	14	Zam.Cpr.SBD0.24	14		—	—	—
		Australians					
41	17	ACM 50c	31	−2	—	—	—
38	17	Allstate Expl'n. NL	22	−2	—	—	—
10½	3¼	Asia Oil & Minerals	3¼		—	—	—
20	12	Aust. Hydrocarbons NL	16	−2	♦	—	—
28	11	Australis Mng N.L.	11½	−½	—	—	—
45	15	Balmoral Res.	19		—	—	—
36	17	Black Hill Mins.	17	−1	—	—	—
86	51½	Bond Corp	82	−3	hQ6.67	♦	6.0
177	90	Bougainville 1 Kina	106	−5	Q16.4c	1.2	‡
406	276	CRA $2	336	−6	tQ12c	1.5	2.5
86	44	Carr Boyd 20c	60		—	—	—
40	18	Central Kalgoorlie	28		—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98		Arnott	250	
Craig & Rose £1	£11½	+½	CPI Hldgs.	49	
Finlay Pkg. 5p	44		Carroll Inds.	86½	
Higsons Brew	85		Dublin Gas	65	
Holt (Jos) 25p	800		Hall (R. & H.)	43	
IoM Stm. £1	133	−2	Heiton Hldgs.	16	
IRISH			Irish Ropes	32	
Exch. 12% 1985	£98⅞		Jacob (W & R)	58	
Nat. 9¾% 84/89	£83½	+⅛	TMG	72	
Fin. 13% 97/02	£88⅛	+⅛	Unidare	78	

OPTIONS — 3-month call rates

Industrials	p	Hanson Tst	22	Vickers	18
Allied-Lyons	15	Hawker Sidd	38		
BAT	30	Hse of Fraser	28	**Property**	
BOC Grp	24	ICI	50	Brit Land	14
BSR	15	'Imps'	14	Cap Counties	18
Babcock	13	Jaguar	18	Land Secs	24
Barclays Bank	42	Ladbroke	28	MEPC	30
Beecham	30	Legal & Gen	42	Peachey	24
Blue Circle	46	Lex Service	32	Samuel Props	14
Boots	18	Lloyds Bank	42	Sterling Guar.	5½
Bowaters	16	Lucas Inds.	24		
Brit Aerospace	34	Marks & Spcr	10	**Oils**	
Brit. Telecom	7½	Midland Bk	33	Brit. Oil & Min	4½
Brown (J.)	3	NEI	9	Brit Petroleum	38
Burton Ord	32	Nat West Bk	54	Burmah Oil	19
Cadburys	14	P & O Dfd.	29	Charterhall	6
Comm Union	15	Plessey	20	Premier	6
Courtaulds	11	Polly Peck	25	Shell	55
Debenhams	19	Racal Elect	24	Tricentrol	22
Distillers	24	RHM	10	Ultramar	22
Dunlop	5	Rank Org Ord	24		
FNFC	7	Reed Intnl	50	**Mines**	
Gen Accident	42	Sears	7	Charter Cons	21
Gen Electric	20	TI	18	Cons Gold	42
Glaxo	90	Tesco	8	Lonrho	14
Grand Met	26	Thorn EMI	42	Rio T Zinc	60
GUS 'A'	55	Trust Houses	12		
Guardian	58	Turner Newall	9		
GKN	16	Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 26

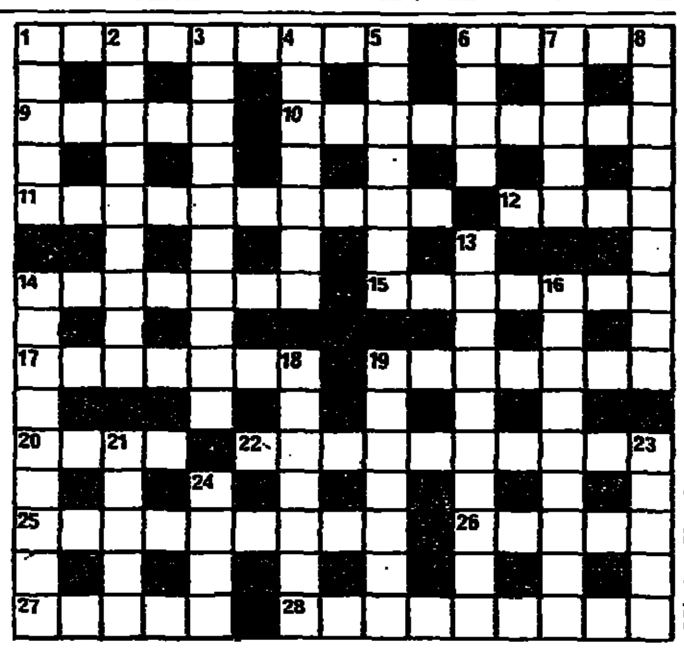
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,612



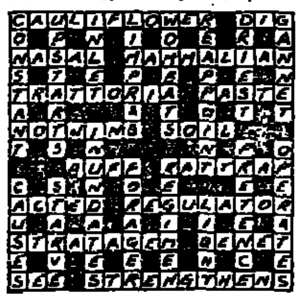
ACROSS

1 Eastern quarter of Burslem, maybe (9)
6 Bind members over (5)
9 Criminal not in the house (5)
10 Our agent, E., could be following (9)
11 Occupation of Hardy's obscure type? (5-5)
12 Shut out in this manner (4)
14 Camp-bed by lake (7)
15 Germany's larger I ac? (7)
17 Openness providing the best cover, proverbially? (7)
19 A thing? (7)
20 Wader? The British one has hard lines (4)
22 Moon-starer, perhaps (10)
25 Follower of Abou Ben Adhem—sort of best man embracing wife (9)
26 Language the French can put on? (5)
27 Lover of Moore's pieces (5)
28 Organ-control well-known to housemaids? (4-5)

DOWN

1 Sounds of buffers (5)
2 Like sickness benefit dishonestly claimed? (3-6)
3 Rheumatism almost, a disorder of the imperfect hand (10)
4 Works by note to perform in theatre (7)
5 Clear Bond of shot at Wimbledon (3-4)
6 Twisted like many a yarn (4)
7 Fish that could be char taking in oxygen (5)
8 Changed pence, alas, for this old-fashioned enjoyment (9)
13 Regular figures played havoc, we hear, with early Britons (10)
14 He cannot succeed alone (2-7)
16 Came in to deter roughly—roughly eleven yards (9)
18 Top dressing for sultanas? (7)
19 Score to settle (7)
21 For this turn of phrase, I would go to where Douglas is (5)
23 Like one sort of calculus to learn about (5)
24 Less in bars? Some fellows have nothing (4)

Solution to Puzzle No. 5,611



هكذا اصله الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Midland Bank Tst Corp (Jersey) Ltd
28-34, Hill St, St Helier, Jersey. 0534 72156

MdBkOsGt	101 0	104.0xd	+0.1	11.83
MdBkLntBd	$1.05	1.07	....	7.48

Minerals Oils Res Shrs Fd Inc
PO Box 194, St Helier, Jersey. 0534 27441

MresDc27	$10.52	10.83	....	3.76

Samuel Montagu Ldn Agents
114, Old Broad St, EC2 01-626 3434

MtAmEr	102.6	107.8	−0 9	5.29
MtJapInc(z)	71.3	74.9xd	−0.6	4.11
MtGltInc(z)	48.1	50 7xd	....	10.59
MtStgRsJ7	£15.21	15.22	...	—
MtGold(z)	—	$0.525	....	—
ApDc31	SF103 80	112 62	....	1.24
JpDc31	HK$42.06	45.52	....	0.16
MtAmN30	$17.43	18.75	....	1.48
MFRNFJ3	$10.24	10.26xd	....	—
USIFJ7	$11.27	11.86	+0.04	—

Murray Johnstone (Inv Advisor)
163, Hope St, Glasgow, C2. 041-221 5521

HoeStJ8	$65.85	70.21	....	1.64
MurFdD20	£18.98	20.22	....	—
PacFdDc19	$4.00	4.28	....	—

NEL International Ltd
PO Box 119, St Peter Port, Guernsey, CI.

Sterling Dep	78.0	82.1	....	—
SterlFxdInt	87.8	92.4	....	—
SterlingMan	99.6	108.3	....	—
IncFxdMan	103.4	112.4	....	—
Int Man	107.1	116.4	....	—

Nat Westminster Jersey Fd Mgrs Ltd
23/25 Broad St, St Helier, Jersey. 0534 70041

HgInRd(a)(b)	53.8	56.0	....	10.71
EqtyFd(a)(b)	103.4	110.0	....	2.03
IntBdFd(a)*	80.5	83.0xd	....	6.67

*Sub day every 4 hours.

County Bank Currency Fund (z)

Dollar Class	$23 2595	+0.0051	—
Sterling Class	£11.5321	+0.0027	—
D-Mark Cl	DM53.7493	+0.0069	—
DutchGldrCl	DFl53.6790	+0.0059	—
Jap Yen Cl	Y5.456.6387	+0.9609	—

Negit SA
10a Boulevard Royal, Luxembourg.

NAV	9.24	....	—

Newport International Management
Bank of Bermuda Bldg, Bermuda. 809 295 4000

NptIntSec	$15.44	—	....	—
NptIntInc	$14.60	—	....	—
NptPacific	$11.58	—	....	—

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 4000

Amer Tst	$7.95	8.25	....	—

Normandy Trust Managers Ltd
79, Athol St, Douglas, IoM. 0624 29696

Ndy Mt	£0.9353	0.9846	....	—
Ndy Ct	£1.1484	1.2089	....	2.00
ChCGr	£0.6659	0.7010	....	2.00

Northgate Unit Tst Mngrs (Jersey) Ltd
PO Box 82, St Helier, Jersey. 0534 73741

PacFdJn2	$11.56	12.44	....	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
Inv. Adv., M & G Inv. Mngt. Ltd., London.

NAV	$15 59	....	—

Perpetual UT Mngrs (Jersey) Ltd

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72979

Man Cur Fd	106.3	112.1	+0.1	4.10

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436

Warmstr-Cm	$7 66	8.09	....	—

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $133.71.

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $97.57.

Tyndall Bank (Isle of Man) Ltd
30 Athol St, Douglas, IoM. 0624 29201

Stg Mny Acc	9.00	Nil	Qtr	Chq.7
US$MnyAcc	7 250	Nil	Qtr	Chq.7

Tyndall Managers
2 New St, St Helier, Jersey. 0534 3735103

TOFSL	200.9	215.8	....	1.16
American	216.2	234.4	....	1.71
Far Eastern	273.0	292 0	....	0.86
European	115.6	125.8	....	0.80
Prtflo Man	107.9	115.9	....	—
Prtflo Amer	104.1	112.4	....	—
PrtfloStFEst	112.0	119.6	....	—
PrtfloStEuro	108.4	116.2	....	—
Jersey Fd	177.4	193.6	....	4.74
(Nn-J Acut)	434.8	474.4	....	—
Gilt Funds	115.4	117.4	....	10.22
(Accumlons)	311.4	317.0	....	—

Victory House, Douglas, IoM. 0624 24111

HighIntGilt	111.2	113.4	....	12.49
(Acum Shs)	213.8	217.8	....	—

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey. 0481 27066

Int Equity	457 5	481.6	....	—
Do $	5 210	5.485	....	—
Pacific Eqty	141.3	148.8	....	—
Do $	1.610	1 695	....	—
NAmerEqty	96.9	102.0	....	—
Do $	1.100	1 160	....	—
UK Equity	311.9	328 4	....	—
Do $	3.550	3 740	....	—
Euro Eqty	121.0	127.4	....	—
Do $	1.375	1 450	....	—
IntlFxdInt	483.3	508 8	....	—
Do $	5 505	5 795	....	—
StgFxdInt	273.8	286 3	....	—
Do $	3 120	3 285	....	—
$ Deposit	153.4	161.5	....	—
Do $	1 745	1.840	....	—
Stg Deposit	157.7	166.0	....	—
Do $	1.795	1 890	....	—
Commodity	488.0	513 7	....	—
Do $	5 560	5.855	....	—
Gold	82.3	86.7	....	—
Do $	0 935	0.985	....	—
UK Prpty	195.2	205 5	....	—
Do $	2 220	2 340	....	—
Intl Mangd	382.9	403.1	....	—
Do $	4.360	4.590	....	—
UK Mngd	264 4	278 4	....	—
Do $	3 010	3.170	....	—

Tyndall-Guardian Mngt Ltd
PO Box 1256, Hamilton, Bermuda

T-G American	$19.51	−0.32	—
T-G Money	$24.25	+0.03	—
T-G Eurobond	$16.70	−0.29	—
T-G Commodity	$24.05	+1.01	—
T-G Mortgage	C$22.42	+0.04	—
T-G Overseas	$10.88	−0.14	—

Wren Commodity Management Ltd
10 St George St, Douglas, IoM. 0624 25015

Wren Com Fd	12.7	13.2	....	3.10
Chinese Fd	58.8	61.2	....	1.70
PrecMetFd	80.3	83.6	....	6.30
VangCmdyFd	21.5	22.1	−1.3	—
FinFuturesFd	32.4	33.8	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.

Dynamic Grth Fd	$6.77	....	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4P 4ST. 01-236 0952				
Call Fund	8.54	8.73	6mth	Call
7-day Fund	9.02	9.23	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	8.53	8.71	6mth	Call
7-day Fund	8.95	9.15	6mth	Call
Mny Mg Ac	8.50	8.78	6mth	Call
Dollar	7.00	7.12	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.375	9.71	Qtr	Call
MthIntChq	9.25	9.65	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	9.45	9.87	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
High Int Chq	9.75	10.11	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5QL. 01-555 2777				
Cater Allen	9.00	9.38	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	9.25	9.652	Mth	Call
U.S. Dollar	8.00	8.309	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3. 01-626 6543 Ext 464				
Under £1,000	8 00	8.24	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon. TQ9 6JE. 0803 862271				
MnyMktAcc	9.50	9.84	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2. 01-628 8060				
MyMtChqAc	9.45	9.87	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	10.00	10.25	Ret	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
HighIntChqAc	9.30	9.45	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	9.30	9.62	Qtr	Call
Provincial Trust (formerly Chouiartons)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 9011				
Cheque Acc	9.25	9.65	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford. RM1 3LB. 0708 66966				
HighIntMkAc	8.80	9.20	Daily	Call
Premier Acc	8.80	9.20	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	9 28	9.52	Qtr	Call
Money Acc	9.125	9.44	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
Special Acc	8.85	9.21	Mth	Call
Over £10.000	9.10	9.48	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price ¶ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Gold trades at five-year low

BY JOHN EDWARDS, COMMODITIES EDITOR

GOLD traded at the lowest level since August 1979 on the London bullion market yesterday. It sank to $295.25 at one stage before closing at $296.5 an ounce, $5 down on Friday and the lowest close since June 1982.

Dealers said the strong dollar, weak oil prices and high interest rates were continuing to undermine the gold market, sapping the confidence of investors and encouraging speculative selling, especially now that the $300 mark has been breached.

Gold's fall put fresh pressure on the other precious metals.

Free market platinum lost $5.75 to $270 an ounce, its lowest level since July 1982. The London bullion spot price of silver was cut by 25.7 cents (18.05p) to 583 cents (509.85p) an ounce at the morning fixing. It lost further ground in afternoon trading.

Base metals on the London Metal Exchange remained subdued. There were no big surprises in the weekly warehouse stocks figures. The decline in copper holdings was in line with market expectations but the squeeze on immediately available supplies tightened again with the gap between the cash and three months prices for higher grade copper narrowing.

Reports of further copper buying interest by the Chinese were offset by the easier trend in New York, widening the disparity between the two markets which appear to be taking opposing views.

The hefty rise in lead stocks in LME warehouses failed to relieve the scarcity of spot supplies and the cash price maintained its huge premium, gaining £4.5 to £384 a tonne while the three months quotation was only £0.5 up at £329.25.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes for week ending Jan. 4)

	January 4)
Aluminium	+1,550 to 143,125
Copper	−1,300 to 125,075
Lead	+2,425 to 42,900
Nickel	−150 to 7,206
Tin	+735 to 23,255
Zinc	+175 to 29,300
	(tonnes)
Silver	+230,000 to 52,228,000
	(ounces)

EEC farm incomes higher

BY PAUL CHEESERIGHT IN BRUSSELS

FARM INCOMES rose on average by 3.8 per cent in real terms in the European Community in 1984, compared with a fall of 6 per cent in 1983, according to the latest figures from the EEC Statistical Office.

The rise is likely to strengthen the arguments of those in the Community seeking stricter pricing arrangements for products underpinned by price guarantees.

One of the first tasks of the new Commission, which started work yesterday, will be to draw up 1985 price proposals. For the first time they will have to be done within the framework of the overall Community budget.

However the average rise in incomes hides wide disparities. In Belgium, Italy and Luxembourg there were no rises while there was an increase of 20.2 per cent in Denmark, 9.7 per cent in the UK and 7.6 per cent in the Netherlands.

The average rise came against the background of a nominal increase of 6.2 per cent in producer prices, but a 1.7 per cent fall in real terms. The real fall in 1983 was 2.2 per cent.

Clearly the incomes increase was due to higher production and the relative stability of input prices. The statistics show that the rate of increase for input prices last year was 1.3 per cent lower than in the previous year.

Go-ahead for £135m UK poultry investment

THE EUROPEAN Commission has given the go-ahead for a £135m investment programme in poultry and egg production in Britain.

The programme, which will take place over the next three years, means that the UK poultry and egg industries will be able to take full advantage of grant aid from the EEC budget for the first time.

Some £113m will be spent on schemes such as developing production of processed poultry products and increasing chilling and storage capacity for fresh birds, and £122m on rationalisation of egg packing and processing.

Aid totalling £7.7m has also been approved for 63 projects designed to improve marketing and processing of agricultural and fish products in the UK.

● TAIWAN'S cotton imports totalled 1.27m (500 lb) bales in 1984, down from 1.35m in 1983, the Taiwan Spinners Association said.

It attributed the decline to higher cotton prices in the first half of 1984, reflected in a cotton import bill of $428m, compared with $405m in 1983.

● EGYPTIAN exporters predicted sales of potatoes would total 160,000 tonnes this year as the first shipment was loaded. They said an excess in world production had brought prices down from last season's average by at least $100 per tonne.

Egypt last year exported 142,000 tonnes of potatoes, with Britain importing 70,000 tonnes.

● AUSTRALIAN wheat exports fell to 1.06m tonnes in December from 1.39m in November, the Australian Wheat Board said. This compares with shipments of 666,590 tonnes in December 1983.

● SPAIN'S agriculture ministry has reached agreement with farmer organisations on a 4.7 per cent price rise in 1985 floor prices on agricultural products, compared with 6.8 per cent last year.

Good start raises harvest hopes

Farmer's Viewpoint: By John Cherrington

UNTIL the cold spell started last weekend I was enjoying some of the best early season conditions that I can remember.

I am always happy when I can reach the New Year without the farm having suffered either snow or serious frost. It is true that Boxing Day night brought a few inches but they were soon washed away by the return of the south-westerly winds and the grass and the wheat and barley still had a nice green sheen.

It is true that we had a lot of rain, enough to raise the annual rainfall above the average. That too was a bonus because it means that the wells will soon be filling up again for another year.

The autumn growth has been exceptional. I have never seen the cereal crops looking so well and free from disease or attacks of slugs. Even the rooks seem to have left them alone, probably because there was so much in the way of acorns, beechmast and so on in the hedgerows that they did not feel inclined to pull the young wheat and barley up by the root to get at the seed. The prospects for winter-sown grain look so much better than they did at the same time last year that this year's harvest could be another record, in spite of the present freeze.

However, a lot can happen to growing crops over the next six months to destroy one's hopes, and it would be a brave man who would venture a yield forecast at this stage. All I can say is that they looked splendid in the South and now it is in the hands of nature, helped by fertilisers and fungicides, to produce a harvest.

Some people deplore our dependence on these scientific aids—all I can say is that having grown crops under the rules of good husbandry with fixed rotations etcetera the crops I grew then bear no comparison with those I harvest now. It niggles me a bit, as it is so against my early training, but profitability is so much greater that it must be the right thing to do.

The autumn grass has been of superlative feed value too. I don't think my ewe flock has ever looked better. I have just started giving them hay and they should make the transition from grass to winter feed without any problems although it is a rather tricky period.

Sheep prefer to live off grass, but if there is a sudden break in the amount available due to, say, frost or snow, their metabolism can suffer.

My ewes are about two months off lambing and the embryo lambs are making increasing demands on them. The essence of management is to make the transition from grass feeding to a diet of hay and concentrate in such a way that the ewe's metabolism can adjust to the change of feed without damage. There is a condition called pregnancy toxaemia, largely due to this change of feed, which can cause heavy losses. The ewes go into a coma, and once in that state there is little one can do to save the lambs and often the ewes.

Ironically it usually attacks ewes in very good condition, and I am fearful that some of mine are too fat to be secure against it. I am changing their diet over the next 10 days so that they will be completely used to the dry feed before they are too close to lambing. I believe I could avoid this problem by wintering my ewes under cover as some of my neighbours do. But this is no easy option. It is more costly in feed and there are disease problems inherent in having large numbers of sheep confined in close quarters.

I fatten my lambs off grass, usually in May, June and July, and the best of them will come off pastures I have sown this past autumn. These are splendid in appearance and I have grazed them down hard, which is one reason for the ewes doing well. If this is not done there is a danger that a hard frost will kill the young grass by lifting the surface. This happened to me once and I lost about half my summer grazing; an expensive accident, but I have managed to avoid it since.

Both cereals and sheep are supported by the Common Agricultural Policy and there are threats to prices for both. I heard Mr Jopling say on the radio that he wanted to have a 5 per cent cut in cereal prices rather than a quota scheme. With the crop already planted quotas would be difficult to implement for this harvest, but I would try to overcome the cut in price by producing 10 per cent more.

Any attack on the sheepmeat regime is likely to come through a reduction in the premium which makes up the difference between the guide price and that received in market and perhaps a tightening in standards. There is nothing much to be done about this in the short term. In the long term any price reduction should be matched by a fall in the value of breeding sheep.

Being mostly on concrete and under cover my pig herd is impervious to the weather. After a shocking time last year their prices have much improved and feed costs have dropped dramatically. Output is down because the slump went on so long that I became discouraged and ran sow numbers down a bit. Lots of other people did this and as output dropped so prices rose.

There are not many signs of people increasing sow numbers significantly and output is matching demand quite well. Will we have the sense to discipline ourselves as an industry to keep the equation that way, or will we be sunk once more by an expansionary frenzy?

Strong demand boosts London tea auction values

BY RICHARD MOONEY

STRONGER demand pushed up tea prices at yesterday's weekly London auction with "quality" types averaging 340p a kg, up 20p from last week's level.

The average price for medium tea was 10p up at 290p a kg, and for low medium 5p higher at 255p.

Mr Neville Leefe of the Tea Brokers' Association said the rise reflected strong competition. Quantities on offer were similar to those at recent auctions. Leading blenders and exporters showed more interest than of late he said.

"There was not an awful lot of top quality tea on offer," said Mr Leefe, "but neither was there an awful lot last week."

January is not normally a time of strong demand in the tea market, but this year blenders seemed to be taking a longer term view, he said. There was a feeling of insecurity based on the knowledge that India's export policy was not likely to be decided until shortly before offerings of this year's crop begin in April or May.

Last year, to reduce domestic prices, India imposed an export ceiling of 215m kg and further restrictions are expected this year.

There were 29,963 packages on offer at the auction including 5,450 packages in the offshore section, reports Thompson Lloyd.

The market was strong for nearly all descriptions. Assams came in for keen competition and prices were generally 5 to 10p a kg dearer. Bangladesh teas also sold readily with coloury types 10p higher. Africans were again well supported and generally advanced by 5 to 10p apart from some plainer lines.

A few quality Ceylons sold well at dearer rates but mediums lost 5 to 8p. Offshore teas were a strong feature and prices ruled 5 to 15p higher.

U.S. buys wheat from Argentina

By Nancy Dunne in Washington

CARGILL, a leading exporter of American grain, confirmed yesterday that it has purchased 25,000 tonnes of Argentine wheat for import to U.S. flour mills.

Mr Allan Holbert, of Cargill in Minneapolis, said the sale is probably the first import of Argentine wheat into the U.S.

He said U.S. flour mills along the border with Canada had in the past periodically found it cheaper to purchase Canadian grain rather than bring in American grain from the mid-West.

The purchase, and others which may follow, could strengthen the hand of Mr John Block, the Secretary of Agriculture, who is arguing for reduced price supports in the 1985 Farm Bill to make U.S. grain exports more competitive on the world market.

U.S. Wheat Associates, in its weekly newsletter, yesterday reported that traders for some weeks have been watching Argentine prices, which have remained up to $40 per tonne under U.S. Gulf offers on hard red winter wheat. Hard red Gulf wheat for January last week traded at $149.75 per tonne, while Argentine wheat traded at $111 per tonne.

Most trading houses have delayed purchases, U.S. Wheat said, due to the adverse publicity they would face.

The quantity involved in the Cargill purchase—0.1 per cent of U.S. wheat supplies—is less significant than the fact that the purchase is economically feasible, he said.

The Argentine exporter must pay an 18 per cent duty. Cargill is charged 21 cents per bushel in import duties and must also pay freight rates of about $19 per tonne.

However, because of the high quality of Argentine wheat this year, the strong dollar, depressed ocean freight rates and U.S. support levels above the world price, importation of Argentine wheat to the U.S. is now a good deal, he said.

LONDON MARKETS

COCOA futures prices were buoyant yesterday reflecting the stronger tone in the New York market and manufacturer demand for physicals. Sterling's renewed weakness was a further bullish factor.

The May position ended £18 up on the day a £1,903.50 a tonne after reaching £1,907 at one point.

More modest gains were registered on the coffee market where the March quotation finished at £2,283.50 a tonne, £7 above Friday's close. The rise was chiefly attributed to the pound's decline against the dollar.

World sugar futures were narrowly irregular with currency-based selling cushioned by news that the Dominican Republic had received relatively high prices for raw sugar sold at its tender on Friday.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 7 1985	+ or −	Month ago
METALS			
Aluminium	£1100	....	£1100
Free Mkt.	$1085/1115	−15	$1185/1215
Copper			
Cash h Grade	£1143.5	+1	£1102.5
3 mths	£1145.75	−2	£1118.75
Gold troy oz	$296.5	−5	$326.75
Lead Cash	£384	+4.5	£341.5
3 mths	£329.25	+0.5	£334.75
Nickel	£5816	....	£5967
Free Mkt	217/247	+2	222/252c
Palladium oz	$113.25	−4.75	$138.75
Platinum oz	$270.00	−5.75	$316.75
Quicksilver†	$300/310	....	$295/305
Silver troy oz	509.85p	−18.05	568.95p
3 mths	522.20p	−18.20	581.95p
Tin cash	£9842.5	+20	£9845
3 mths	£9812.5	+17.5	£9817.5
Tungsten	$81.75	....	$86.50
Wolfram 22 04lb	$66/70	....	$74/78
Zinc	£703.5	−2	£665
3 mths	£698.5	−1	£658.25
Producers	$900	....	$900

	Jan. 7 1985	+ or −	Month ago
OILS			
Coconut (Phil)	$910y	....	$1035
Palm Malayan	$585	....	$585
Seeds			
Copra Phil	$570y	....	$565
Soyabean (U.S.)	$237.95	−4.25	$259.25
GRAINS			
Barley Fut. Mar	£113.80	....	£113.30
Maize	£146.50	....	£145.50
Wheat Fut. Mar	£113.50	+0.15	£113.40
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1903.5	−28.5	£1830.5
Coffee Ft. Mar	£2283	+5.5	£2198
Cotton A index	71.60	−0.15	71.90c
Gas Oil Feb.	$226	+9	$228
Rubber (kilo)	62p	−1	61p
Sugar (raw)	$95y	−1	$113.5
Wooltops 64s	498p kilo	+2	482p kilo

‡ Unquoted. z Feb. y Jan-Feb. x Dec-Jan. † Per 75-lb flask. n Nominal. C Cents per pound.

INDICES

FINANCIAL TIMES

Jan. 4	Jan. 3	M'th ago	Year ago
291.08	291.60	289.22	296.05

(Base: July 1 1952 = 100)

REUTERS

Jan. 7	Jan. 4	M'th ago	Year ago
1915.4	1919.3	1893.0	1982.1

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
965.9	966.4	—	14042

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	122.63	—	140.42
Fut	124.53	123.68	—	143.53

(Base: December 31 1974 = 100)

OIL

Cold European weather and more attacks on Gulf shipping firmed Brent by 15c. Nymex opened 47c up but had lost 7c by 1 pm EST. Cold weather across much of Europe and low stocks stimulated demand in the petroleum products market. In particular, German demand for heating oil on the barges strengthened prices and this was in turn reflected on the cargoes—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.80 28.00	+0.10
Arab Heavy	26.25-26.55	—
Dubai	27.10-27.30	+0.075
Brent Blend	26.25-26.35	+0.15
W.T.I. (1pm est)	25.45-25.75*	+0.125
Forcados (Nigeria)	26.90-27.15	+0.10
Urals (cif NWE)	26.70-27.00	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	235-237	—
Gas Oil	226-227	+8.5
Heavy fuel oil	181-184	—

*February.

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Jan	227.75	+10.00	227.75-19.00
Feb	226.00	+9.00	226.00-20.00
March	221.00	+8.00	221.00-17.00
April	217.50	+6.75	217.50-14.25
[illegible]			

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1144.5-5.5	+4	1143-4	+1
3 months	1145.5-6	−2.5	1145.5-6	−2
Settlem't	1145.5	+4	—	—
Cathodes				
Cash	1133-4	−3	1132-4	−1.5
3 months	1145-6	−2.5	1145-6	−3.5
Settlem't	1134	−3	—	—

[illegible]

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	898.5-9	−7.75	904-5	−1
3 months	922-.5	−6.25	927.5-8	—

Aluminium—Morning: Cash £899, 98.5, three months £923, 24, 23, 22.5, 22. [illegible]

NICKEL

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

SILVER

Silver was fixed 18.05p an ounce lower for spot delivery in the London bullion market yesterday at 509.85p. U.S. cent equivalents of the fixing levels were: spot 583c, down 25.7c; three-month 594.8c, down 25.2c; six-month 608.9c, down 26.6c and 12-month 640.3c, down 27.1c. The metal opened at 504-507p (577-580c) and closed at 505½-508½ (579-582c).

[illegible]

GOLD

[illegible]

GRAINS

Wheat rose on physical short-covering but both markets remained in a narrow range. Jan/March switching provided most of the volume, reports Muirpace.

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

PIGMEAT

[illegible]

U.S. MARKETS

PRECIOUS METALS rallied with the currencies, showing moderate gains late in the day, reversing the weak tone of early trading, reports Heinold Commodities. Copper rallied strongly on currency arbitrage and dealer and commission house short-covering. Aluminium was fractionally higher in sympathy with the bullish momentum in all the outside markets. Heating oil rose strongly as continental markets responded to record low temperatures; below-normal temperatures in the northeast lessened fears about any build-up in inventories. Sugar rallied late in the day on the strength in the currencies which triggered massive dealer and local short-covering. Cotton prices were strong in sympathy with the grain markets and on concern about adequacy of deliverable supplies.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	46.90	46.20	46.20	46.70
Feb	47.20	—	—	47.05
March	47.60	47.65	46.80	47.45
May	48.40	47.95	47.65	48.25
July	49.20	48.55	48.55	49.05
Sept	50.00	49.30	49.25	49.85
Dec	51.20	50.45	50.45	51.05
Jan	51.60	—	—	51.45
March	52.40	51.65	51.65	52.25
May	53.20	—	—	53.05

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2067	2069	2041	2033
May	2066	2067	2064	2058
July	2083	2089	2066	2131
Sept	2085	2085	2066	2065
Dec	2033	2025	2020	2017
March	2038	—	—	2025
May	2028	—	—	2015

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
March	142.21	43.15	41.85	43.05
May	139.60	40.50	39.30	40.20
July	138.20	38.80	37.90	38.80
Sept	136.82	37.25	36.50	37.52
Dec	135.35	35.75	35.50	35.75
March	133.28	—	—	34.05
May	133.01	—	—	32.25

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	57.15	—	—	56.20
Feb	57.45	—	—	56.55
March	57.85	58.00	56.70	56.95
May	58.45	58.70	56.20	57.55
July	59.05	58.95	57.00	58.20
Sept	59.60	59.55	57.80	58.80
Dec	60.55	60.00	58.50	59.80
Jan	60.90	—	—	60.15
March	61.60	60.30	59.85	60.85
May	62.25	61.60	61.60	61.55

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	67.46	67.50	66.26	66.45
May	68.16	68.20	67.20	67.35
July	68.55	68.58	67.91	68.05
Oct	68.40	68.45	68.36	68.36
Dec	68.60	68.60	68.35	68.45
March	69.70	69.80	69.55	69.60
May	70.35	—	—	70.30

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lbs, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	276.0	275.5	266.0	268.6
April	279.4	280.0	270.1	273.7
July	285.4	286.0	278.5	279.1
Oct	291.9	285.0	284.5	285.6
Jan	298.8	—	—	292.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	604.8	608.0	582.0	586.2
Feb	607.9	—	—	589.4
March	612.0	614.0	585.0	593.5
May	620.7	623.0	595.0	602.3
July	630.0	631.0	603.0	611.7
Sept	640.1	635.0	614.0	621.8
Dec	656.3	653.5	630.0	638.0
Jan	661.8	6470.	633.0	643.5
March	673.0	660.0	649.0	654.7
May	685.3	681.0	660.0	667.0

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	4.24	4.25	4.08	4.13
May	4.59	4.60	4.46	4.50
July	4.98	4.99	4.86	4.92
Sept	5.21	5.21	5.12	5.13
Oct	5.38	5.39	5.25	5.32
March	6.35	6.35	6.26	6.31
May	6.58	—	—	6.60

SPOT PRICES—Chicago loose lard 24.25 (24.00) cents per pound. New York tin 507.0-25.0 (513.0-30.0) cents per pound. Handy and Harman silver bullion 579.5 (603.0) cents per troy ounce.

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.77	65.80	65.40	65.82
April	67.30	67.32	66.70	67.17
June	67.45	67.50	67.10	67.56
August	65.70	65.77	65.50	65.82
[illegible]				

LIVE HOGS 30,000 lb, cents/lb

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
[illegible]				
March	586.0	587.4	569.4	573.4
May	597.4	599.4	581.6	585.2
July	606.2	608.0	597.4	596.2
August	608.4	610.4	595.0	600.0
Sept	606.0	607.0	596.0	600.0
Nov	608.6	609.4	597.4	603.4
Jan	622.0	622.4	613.0	615.4
March	636.0	636.0	636.0	630.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	138.8	139.0	134.8	135.5
March	143.9	144.5	140.1	140.9
May	149.3	150.0	145.6	146.3
July	154.3	155.2	150.5	151.6
August	156.0	157.0	152.2	153.0
Sept	157.0	157.0	154.0	155.0
Oct	157.0	157.0	155.5	156.0
Dec	163.2	163.5	162.4	163.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	26.10	26.15	25.44	25.60
March	25.65	25.69	24.79	24.99
May	25.17	25.20	24.43	24.63
July	24.63	24.65	24.10	24.35
August	24.30	24.30	24.00	24.15
Sept	24.20	24.20	23.76	24.02
Oct	23.80	23.80	23.55	23.70
Dec	23.75	23.75	23.25	23.40

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	341.4	342.4	337.6	341.4
May	336.0	336.4	332.4	336.0
July	331.0	331.6	327.4	330.4
Sept	331.6	332.4	329.0	331.2
Dec	342.0	342.4	339.0	341.6
March	346.0	346.6	344.0	346.0

OTHER MARKETS

COTTON

LIVERPOOL—Spot and shipment sales amounted to 288 tonnes. Some steady buying persisted and the rates quoted encouraged some customers to extend engagements. Most of the demand centred on African, Russian and [illegible]

JUTE

[illegible]

MEAT

[illegible] GB—Cattle 97.44p per kg lw (−1.08). GB—Sheep 178.32p per kg est dcw (−21.46). GB—Pigs 84.86p per kg lw (−3.63).

WOOL FUTURES

[illegible] ralian cents per kg.: March 581.2, 582.0, 581.5-581.4; May 584.0, 588.0; July 592.0, 599.0; Oct 575.0, 582.0; Dec 584.0, 588.0; March 592.0, 600.0; May 594.0, 605.0; July 605.0, 615.0; (May '85-July '86 untraded). Sales: 6.

PARIS

[illegible]

ROTTERDAM

[illegible]

هكذا أصلا

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar maintains momentum

The dollar was very firm on the foreign exchanges yesterday, rising to almost a 12-year peak against the D-mark, a nine-year high against the Swiss franc over a two-year peak in terms of the Japanese yen, and to all time highs against the French franc, Italian lira and several other major currencies.

There is a lack of U.S. economic statistics for publication this week, but the market seized upon the larger than expected rise of $6.7bn in weekly U.S. M1 money supply, announced Friday, as an indication that the economy is starting on another upward path after the slowdown in the second half of 1984.

Fear of intervention by the German Bundesbank kept the foreign exchanges nervous, and although there was no evidence of any move by the central bank this helped to keep a lid on the dollar of around DM 3.18.

The dollar closed at DM 3.1760 compared with DM 3.1680 on Friday, and also rose to FFr 9.7175 from FFr 9.6925; SwFr 2.6460 from SwFr 2.6320; and Y255.85 from Y253.10.

On Bank of England figures the dollar's index rose to a record 146.3 from 145.6.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.1420. December average 1.1873. The exchange rate index fell 0.3 to 72.6, compared with 77.9 six months ago. It opened at 72.5 and remained at that level or 72.6 at each hourly calculation.

Sterling weakened against the dollar and most other major currencies, apart from the yen, as a reflection of low world oil prices and reports in the Press over the weekend that the Government is opposed to a sharp rise in clearing bank base rates in defence of the pound.

Sterling touched a trading low of $1.1395, only slightly above last Wednesday record trading low, and after remaining fairly steady at around $1.1440-$1.1450 for most of the day, finished at an all time closing low of $1.1415-$1.1425, a fall of 1.25 cents on the day. The pound also fell to DM 3.6250 from DM 3.6550; FFr 11.0950 from FFr 11.17; and SwFr 3.0225 from SwFr 3.03, but was unchanged at Y292.

DEUTSCHE MARK — Trading range against the dollar in 1984-1985 is 3.1760 to 2.5535. December average 3.1021. Trade-weighted index 120.1 against 124.6 six months ago.

The Deutsche Mark showed mixed changes against major currencies at the Frankfurt fixing, but weakened against the dollar. The Bundesbank did not intervene when the dollar rose to DM 3.1767 at the Frankfurt fixing, compared with DM 3.1636. This was the highest level since January 26, 1973. In later nervous trading the U.S. currency rose above DM 3.18, and although the German central bank was not detected in the market yesterday there is considerable concern about intervention policy, and the possibility of a determined attack if the dollar rises above the high of DM 3.1835 seen during last Wednesday's trading.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Jan 7	Previous
8.30 am	72.5	72.7
9.00 am	72.6	72.7
10.00 am	72.5	72.8
11.00 am	72.6	72.9
Noon	72.5	72.8
1.00 pm	72.6	72.8
2.00 pm	72.5	73.0
3.00 pm	72.6	72.9
4.00 pm	72.6	72.9

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.6321	−0.60	+0.07	±1.5428
Danish Krone	8.14104	7.95774	−2.25	−1.58	±1.6421
German D-Mark	2.24184	2.22994	−0.53	+0.14	±1.1463
French Franc	6.87456	6.82433	−0.73	−0.07	±1.3659
Dutch Guilder	2.52595	2.51759	−0.33	+0.34	±1.5165
Irish Punt	0.72569	0.713730	−1.65	−0.98	±1.6671
Italian Lira	1403.49	1369.08	−2.45	−2.36	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	January 7	Prev. close
£ Spot	$1.1420-1.1428	$1.1510-1520
1 month	0.17-0.15 pm	0.14-0.13 pm
3 months	0.50-0.46 pm	0.44-0.41 pm
12 months	0.90-0.80 pm	0.70-0.60 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Jan 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1395-1.1465	1.1415-1.1425	0.17-0.14c pm	1.63	0.54-0.49 pm	1.80
Canada	1.5100-1.5160	1.5130-1.5140	0.02c pm-0.03dis	−0.04	0.18-0.10 pm	0.37
Nethlnd.	4.09½-4.11½	4.09½-4.10½	1⅝-1½c pm	4.21	4½-4⅜ pm	4.21
Belgium	72.50-72.81	72.50-72.60	3-8c dis	−0.91	3-12 dis	−0.41
Denmark	12.95-12.98	12.96-12.97½	2⅛-2⅞ore dis	−2.14	6½-7⅛ dis	−2.18
Ireland	1.1610-1.1655	1.1610-1.1620	0.41-0.52c dis	−4.80	0.98-1.24dis	−3.84
W. Ger.	3.62-3.64	3.62-3.63	1½-1⅜pf pm	4.55	4⅛-3⅞ pm	4.48
Portugal	194.80-197.15	195.80-197.10	—	—	715-1695ds	−24.54
Spain	200.05-200.55	200.15-200.45	40-70c dis	−2.20	105-180 dis	−1.78
Italy	2223½-2235	2223½-2225½	7-10lira dis	−4.59	19-24 dis	−3.87
Norway	10.4725-10.505	10.48½-10.50½	2½-3⅞ore dis	−3.27	5½-7⅛ dis	−2.22
France	11.09-11.13¾	11.09-11.10	⅜-1⅛c dis	−1.01	1-2⅛ dis	−0.56
Sweden	10.35½-10.38¾	10.37¼-10.38¾	⅞-1⅞ore dis	−1.37	3-3⅝ dis	−1.28
Japan	291-293¼	291-293	1⅛-⅞y pm	4.11	2⅞-2⅝ pm	3.77
Austria	25.48-25.57	25.52-25.56	6⅞-4⅞gro pm	2.64	19¾-16 pm	2.76
Switz.	3.01⅞-3.03¾	3.02-3.02½	1½-1⅜c pm	5.21	4⅝-3⅝ pm	4.96

Belgian rate is for convertible francs. Financial franc 72.80-72.90. Six-month forward dollar 0.85-0.80c pm. 12-month 0.95-0.80c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 7	Day's spread	Close	One-month	% p.a.	Three months	% p.a.
UK†	1.1395-1.1465	1.1415-1.1425	0.17-0.14c pm	1.63	0.54-0.49 pm	1.80
Ireland†	0.9825-0.9848	0.9838-0.9848	0.55-0.51c pm	6.47	1.42-1.32 pm	5.57
Canada	1.3113-1.3218	1.3213-1.3218	0.16-0.19c dis	−1.59	0.40-0.45dis	−1.29
Nethlnd.	3.5770-3.5910	3.5865-3.5885	0.78-0.75c pm	2.56	2.34-2.31 pm	2.59
Belgium	63.45-63.90	63.50-63.60	9-10c dis	−1.79	21-23 dis	−1.38
Denmark	11.31-11.35½	11.32¾-11.33¾	3⅞-4⅞ore dis	−4.24	9⅞-9⅞ dis	−3.35
W. Ger.	3.1690-3.1805	3.1755-3.1765	0.81-0.78pf pm	2.96	2.27-2.22 pm	2.82
Portugal	170½-171½	171-171½	250-530c dis	−27.31	700-1550ds	−26.76
Spain	174.70-175.11	174.90-174.95	63-70c dis	−4.56	176-193 dis	−4.24
Italy	1,945-1,951¼	1,945½-1,946½	10-10½lire dis	−6.31	28-26¾ dis	−5.41
Norway	9.14½-9.18	9.15¼-9.15¾	3.60-4.10ore dis	−5.04	9.6-10.10dis	−4.30
France	9.70½-9.73¾	9.71½-9.72	1.90-2.00c dis	−2.41	4.90-5.10dis	−2.04
Sweden	9.04-9.06½	9.05¼-9.05¾	1.90-2.40ore dis	−2.85	5.90-5.40dis	−2.71
Japan	254.30-256.15	255.80-255.90	0.58-0.54y pm	2.63	1.52-1.47 pm	2.34
Austria	22.26-22.33¾	22.28-22.30	2.30-1.70gro pm	1.08	8.00-6.00 pm	1.25
Switz.	2.6340-2.6485	2.6455-2.6465	0.84-0.78c pm	3.68	2.50-2.44 pm	3.74

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.75-63.85.

OTHER CURRENCIES

Jan. 7	£	$		£ Note Rates
Argentina Peso	209.05-209.38	182.53-182.68	Austria	25.40-25.65
Australia Dollar	1.4220-1.4240	1.2435-1.2445	Belgium	72.50-73.30
Brazil Cruzeiro	3,697.2-3,717.65	3,238-3,244	Denmark	12.91-13.07
Finland Markka	7.5620-7.5900	6.6250-6.6270	France	11.06-11.18
Greek Drachma	146.60-149.55	128.05-130.55	Germany	3.62-3.65
HongKong Dollar	8.9190-8.9290	7.8035-7.8065	Italy	2215-2240
Iran Rial	107.75*	93.90*	Japan	288-293
KuwaitDinar(KD)	0.34890-0.35030	0.30580-0.30610	Netherlands	4.08-4.12
Luxembourg Fr.	72.50-72.60	63.50-63.60	Norway	10.44-10.54
Malaysia Dollar	2.8190-2.8290	2.4660-2.4680	Portugal	195-219
New Zealand Dlr.	2.4315-2.4385	2.1265-2.1295	Spain	195½-206½
Saudi Arab Riyal	4.0945-4.0995	3.5810-3.5820	Sweden	10.32-10.42
Singapore Dollar	2.5190-2.5280	2.2040-2.2060	Switzerland	3.01-3.04
Sth African Rand	2.4015-2.4135	2.0965-2.1010	United States	1.13½-1.15½
U.A.E. Dirham	4.1985-4.2040	3.6720-3.6730	Yugoslavia	275-310

* Selling rate.

CURRENCY MOVEMENTS

Jan. 7	Bank of England Index	Morgan Guarant'y Changes%
Sterling	72.6	−17.6
U.S. dollar	146.3	+32.0
Canadian dollar	91.1	−2.9
Austrian schilling	109.9	+3.1
Belgian franc	88.7	−10.4
Danish Kroner	75.6	−5.1
Deutsche mark	120.1	+6.0
Swiss franc	137.6	+8.3
Guilder	109.9	+2.9
French franc	65.5	−16.4
Lira	46.7	−13.7
Yen	153.3	+9.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 7	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.853023	0.614033
U.S. $	8	0.975517	0.702453
Canadian $	9.96	*	0.927871
Austria Sch.	4½	21.7581	15.6577
Belgian Fr.	11	62.0307	44.6521
Danish Kr.	7	11.0487	7.95774
Dmark	4½	3.09892	2.22994
Guilder	5	3.50064	2.51759
French Fr.	9½	9.48788	6.82433
Lira	15½	1902.75	1369.08
Yen	5	248.367	178.985
Norway Kr.	8	8.93769	6.43658
Span'h Pta	½	170.567	122.894
Swedish K.	9	8.82843	6.36071
Swiss Fr	4	2.57780	1.85469
Greek Dr'ch	20½	126.076	90.6024
Irish Punt	12¾	N/A	0.713730

* C$/SDR rate for January 4: 1.29236.

EXCHANGE CROSS RATES

Jan. 7	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Frank
Pound Sterling	1.	1.142	3.625	292.0	11.10	3.023	4.100	2225.	1.514	72.55
U.S. Dollar	0.876	1.	3.176	255.9	9.718	2.646	3.585	1946.	1.325	63.55
Deutschemark	0.276	0.315	1.	80.55	3.061	0.834	1.131	613.7	0.418	20.01
Japanese Yen 1,000	3.425	3.911	12.41	1000.	38.00	10.35	14.04	7618.	5.183	248.5
French Franc 10	0.901	1.029	3.267	263.2	10.	2.724	3.695	2005.	1.364	65.39
Swiss Franc	0.331	0.378	1.199	96.61	3.671	1.	1.356	736.0	0.501	24.00
Dutch Guilder	0.244	0.279	0.884	71.22	2.706	0.737	1.	542.6	0.369	17.70
Italian Lira 1,000	0.450	0.513	1.630	131.3	4.988	1.359	1.843	1000.	0.680	32.61
Canadian Dollar	0.651	0.755	2.395	192.9	7.331	1.997	2.709	1470	1.	47.94
Belgian Franc 100	1.378	1.574	4.997	402.5	15.29	4.166	5.651	3066.	2.086	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	8¼-8½	8⅛-8¼	9½-9⅞	5¾-5⅞	5¾-6¾	5½-5⅝	10⅛-10⅝	13-14	10½-11	10¾-11	6-6 1/16	13-13½
7 days' notice	9½-9⅝	8⅛-8⅜	9⅝-10	5⅜-5⅞	3¼-3½	5½-5⅝	10½-10⅝	14-15	10½-11	10⅝-11⅞	6-6 1/16	13⅛-13⅝
Month	9 15/16-10 1/16	8 5/16-8 7/16	9¾-9 15/16	5⅜-5⅞	4¾-4 15/16	5½-5⅝	10½-10¾	13⅞-14⅝	10⅝-10⅞	10⅝-10⅞	6-6⅛	12⅛-12⅝
Three months	10 1/16-10 3/16	8 7/16-8 9/16	9 13/16-10	5 9/16-5 11/16	4 5/16-4 7/16	5½-5⅝	10½-10¾	13⅞-14⅝	10⅝-10⅞	10⅝-10⅞	6 1/16-6¼	12⅞-12⅝
Six months	10¼-10⅜	8 13/16-8 15/16	10⅛-10½	5⅞-6	4 5/16-4 7/16	5⅝-5 11/16	10¾-11	14¼-14⅝	10⅝-10⅞	10⅝-10⅞	6⅛-6 3/16	11¾-12¼
One year	10 11/16-10 13/16	9 3/16-9 5/16	10 7/16-10⅝	6-6⅛	4 5/16-4 7/16	5 11/16-5 13/16	11¼-11½	14¼-14¾	10⅝-11⅛	10⅝-10⅞	6⅛-6 3/16	11¾-12¼

Asian $ (closing rates in Singapore): Short-term 8⅜-8½ per cent; seven days 8⅜-8½ per cent; one month 8 5/16-8 7/16 per cent; three months 8 9/16-8 11/16 per cent; six months 9⅛-9¼ per cent; one year 9 11/16-9 13/16 per cent. Long-term Eurodollars: two years 10¾-11 per cent; three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 11¾-12 per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Eurodollar firm

Euro-dollar prices were marked up from Friday's close in the London International Financial Futures Exchange yesterday. The rise came despite Friday's disappointing U.S. money supply figures which were viewed as a reflection of end-of-year distortions. This week's figures are expected to show a corresponding improvement.

Furthermore, comments made by Mr Henry Kaufman of Salomon Brothers, suggesting a Federal funds rate of 7½-8 per cent by the end of the month tended to improve sentiment. There was also a growing understanding that the current strength of the dollar has been underpinned to a great extent by high U.S. interest rates and now that the latter have shown a significant decline over the past few months there would seem to be a growing possibility of a medium to sharp downward correction in the value of the dollar. This is something that the authorities will obviously wish to avoid and so far, a fall in rates has not been matched by a fall in the dollar.

With Federal funds opening easier, Euro-dollar futures were firmer helped by further buying after U.S. centres had opened.

Sterling based contracts were lower on sterling's weakness but tended to steady as current levels already discount a small upward correction in base rates. There was little incentive to move much in either direction ahead of today's UK money supply figures.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.70	90.72	90.62	90.60
June	90.13	90.14	90.03	90.00
Sept	89.60	89.63	89.56	89.48
Dec	89.20	89.23	89.13	89.05
March	88.84	—	—	88.68

Estimated volume 5,452 (3,858)
Previous day's open int 10,018 (10,116)

THREE-MONTH STERLING
£250,000 points of 100%

	Close	High	Low	Prev
March†	89.39	89.41	89.31	89.43
June†	89.34	89.34	89.27	89.36
Sept†	89.28	89.28	89.20	89.33
Dec†	89.20	89.20	89.15	89.21
March†	89.05	—	—	89.06

Estimated volume 1,057 (1,503)
Previous day's open int 5,460 (5,516)
† £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	105-14	105-17	105-07	105-17
June	104-28	104-29	104-28	104-31
Sept	107-25	—	—	107-28
Dec	107-15	—	—	107-18
March	107-05	—	—	107-08

Estimated volume 1,718 (4,144)
Preivous day's open int 4,086 (4,144)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract 10 to 20 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.1405	1.1420	1.1400	1.1498
June	1.1370	1.1385	1.1370	1.1468
Sept	1.1355	1.1372	1.1354	1.1461

Estimated volume 903 (400)
Previous day's open int 4,408 (4,506)

DEUTSCHE MARKS
DM 25,000 $ per DM

	Close	High	Low	Prev
March	0.3165	—	—	0.3176

Estimated volume nil (6)
Previous day's open int 176 (174)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3803	—	—	0.3836

Estimated volume nil (nil)
Previous day's open int 113 (113)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3926	0.3944	0.3926	0.3967

Estimated volume 6 (2)
Previous day's open int 115 (115)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	122.85	122.90	121.10	121.30
June	122.95	—	—	121.40

Estimated volume 236 (155)
Previous day's open int 787 (794)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	71-04	71-09	70-22	70-11
June	70-12	—	—	69-19

Estimated volume 1,848 (840)
Previous day's open int 1,148 (1,347)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-08	71-10	70-29	70-10
June	70-16	70-16	70-05	69-17
Sept	69-25	69-25	69-18	68-28
Dec	69-04	69-05	68-30	68-10
March	68-20	68-21	68-18	67-26
June	68-04	68-04	68-03	67-12
Sept	—	67-25	67-23	67-00
Dec	—	—	—	66-22
March	—	—	—	66-13
June	66-29	67-01	66-29	66-05

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.87	91.88	91.79	91.72
June	—	91.40	91.27	91.20
Sept	90.92	90.93	90.84	90.73
Dec	89.44	89.44	—	89.28
March	90.21	90.21	90.10	90.20
June	89.94	89.94	—	89.76
Sept	89.69	89.69	—	89.52
Dec	90.54	90.55	90.43	90.34

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.08	91.10	91.01	90.91
June	90.50	90.52	90.40	90.31
Sept	—	—	—	—
Dec	—	89.58	89.44	89.35

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	90.70	90.71	90.62	90.51
June	90.11	90.13	90.03	89.90
Sept	89.60	89.61	89.51	89.38
Dec	89.18	89.19	89.09	88.95
March	—	88.85	88.72	88.59
June	88.51	88.56	88.42	88.27
Sept	88.13	88.28	88.13	87.98

STERLING (IMM) $e per £

	Latest	High	Low	Prev
March	1.1385	1.1440	1.1365	1.1470
June	—	1.1410	1.1345	1.1455
Sept	—	1.1400	1.1330	1.1440

GNMA (CBT)
8% $100,00 32nds of 100%

	Latest	High	Low	Prev
March	69-11	69-12	69-06	68-27
June	68-17	68-20	68-14	68-03
Sept	—	—	—	67-16
Dec	—	—	—	66-31
March	—	—	—	—
June	—	—	—	66-02
Sept	—	—	—	65-23

MONEY MARKETS

UK rates steady after firmer start

UK interest rates were marked up in early trading in reaction to sterling's weaker trend yesterday and uncertainty ahead of today's money supply figures. Some distortion in the latter is expected as a residue of the British Telecom share issue but the market did not appear to be in the mood to give a rise the benefit of the doubt. Three-month interbank money was quoted at 10 3/16-10⅜ per cent from 10⅛-10¼ per cent and three-month eligible bank bills were bid at 9⅞-10 per cent from 9 11/16-9¾ per cent. Overnight interbank money opened at 8¼-8½ per cent and eased to 7½ per cent before finishing at a peak of 15 per cent.

The Bank of England forecast a shortage of around £1,300m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £499m and the unwinding of sale and repurchase agreements a further £491m. In addition Exchequer transactions drained £660m. On the other hand there was a fall in the note circulation of £315m and banks brought forward balances £20m above target.

To help alleviate the shortage the Bank offered an early round of assistance totalling £810m and comprising purchases of £115m of eligible bank bills in band 2 (15-33 days) at 9⅝ per cent and £55m in band 3 (34-63 days) at 9½ per cent. In band 4 (64-91 days) it bought £86m of Treasury bills and £554m of eligible bank bills all at 9½ per cent. The forecast was later revised to a shortage of around £1,350m before taking into account the early help and the Bank gave additional assistance in the morning of £539m through purchases of £25m of eligible bank bills in band 2 at 9⅝ per cent and £65m in band 3 at 9½ per cent. In band 4 it bought £449m of eligible bank bills at 9½-9 9/16 per cent.

Once again the shortage was revised to £1,450m and the Bank gave help in the afternoon of £107m through purchases of £6m of eligible bank bills in band 2 at 9⅝ per cent and £6m in band 3 at 9½ per cent. In band 4 it bought £15m of local authority bills and £80m of eligible bank bills all at 9½ per cent. It also provided late help of £20m, making a total of £1,476m.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

MONEY RATES

Jan. 7	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45-5.55	10⅛	4⅝-4⅝	5¾-5⅞	6.15625	15⅞-16¼	10.0	13½-14
One month	5.65-5.80	10 5/16-10 7/16	4¾-4⅞	5¾-5 15/16	6.21875	15½-15⅞	10⅝-10⅞	14¾-15
Two months	5.65-5.70	10 5/16-10 7/16	—	—	—	—	—	14¾-15
Three months	5.65-5.80	10 5/16-10 7/16	4¾-4⅞	5¾-5 15/16	6.28125	15¾-16¼	10⅝-10⅞	14¾-15
Six months	5.65-5.80	10⅜-10½	—	5 13/16-5 15/16	—	—	10⅝-10⅞	14½-14¾
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10¾	—	5⅛	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Jan. 7 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	7½-15	8¼-9	9-9⅝	6-9⅝	—	—	—	—	—
2 days notice	—	—	9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8⅞-9¼	9⅛	9¼-9½	8½	—	—	—	—	—
One month	9 15/16-10⅛	9⅞-10 1/16	9⅞	10⅛	9½	9 5/16	9 11/32	9⅞-10	9⅝-9¾	10⅝
Two months	10⅛-10¼	10 1/16-10 3/16	10	10⅜	9½	9½	9 15/32	9⅞-10	9¾-9¾	10⅝
Three months	10¼-10⅜	10 3/16-10½	10¼	10½	9½	9 7/16	9 15/32	9⅞-10	9¾-9¾	10⅝
Six months	10⅜-10 9/16	10 7/16-10⅝	10½	—	—	—	—	10 1/16-10⅛	9 13/16-9⅞	10 9/16
Nine months	10 7/16-10⅝	10⅝-10¾	—	—	—	—	—	—	—	—
One year	10 9/16-10⅝	10¾-10⅞	10¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10½-10⅛	—	9⅞	[illegible]	[illegible]	[illegible]
Two months	10¾-10⅝	—	10 3/16	[illegible]	[illegible]	[illegible]
Three months	10¾-10⅝	—	10⅜	[illegible]	[illegible]	[illegible]
Six months	11-10¾	—	10⅝	[illegible]	[illegible]	[illegible]
Nine months	11-10¾	—	10⅝	[illegible]	[illegible]	[illegible]
One year	11-10¾	—	10⅝	[illegible]	[illegible]	[illegible]
Two years	—	11⅛	—			
Three years	—	11¼	—			
Four years	—	11½	—			
Five years	—	11⅞	—			

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 5 1984 to January 1 1985 (inclusive): 9.813 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1 1985. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.1738 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-nine months 10½ per cent; nine-12 months 10¾ per cent. Under £100,000 9½ per cent from January. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	—

Treasury Bills

One-month	7.62
Two-month	7.60
Three-month	7.78
Six-month	8.00
One-year	8.33

Treasury Bonds

Two-year	[illegible]
Three-year	[illegible]
Four-year	[illegible]
Five-year	[illegible]
Seven-year	[illegible]
10-year	[illegible]
30-year	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. January 7) 3 months U.S. dollars	
bid 8 1/2	offer 8 5/8

6 months U.S. dollars	
bid 9	offer 9 1/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound againstt various currencies on January 7, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.09
Algeria	Dinar	(A) 5.87
Andorra	French Franc	11.0950
	Spanish Peseta	200.30
Angola	Kwanza	(CM) 34.2605
Antigua	E. Caribbean $	3.09
Argentina	New Peso	209.205
Australia	Australian $	1.4230
Austria	Schilling	25.54
Azores	Portugu'se Escudo	196.45
Bahamas	Ba. Dollar	1.1420
Bahrain	Dinar	0.4310
Balearic Isles	Spa. Peseta	200.30
Bangladesh	Taka	29.60
Barbados	Barbados $	2.2940
Belgium	B. Franc	(cm) 72.55
		(fn) 72.85
Belize	B.$	2.2840
Benin	C.F.A. Franc	554.75
Bermuda	Bda $	1.1420
Bhutan	Indian Rupee	14.05
Bolivia	Bolivian Peso	(u) 10,055.04
Botswana	Pula	1.6120
Burkina Faso	C.F.A. Franc	554.75
Brazil	Cruzeiro	[illegible]
Brit. Virgin Isles	U.S. $	1.1420
Brunei	Brunei $	2.5240
Bulgaria	Lev	[illegible]
Burma	Kyat	[illegible]
Burundi	Burundi Franc	145.635
Cameroon	C.F.A. Franc	554.75
Canada	Canadian $	1.5135
Canary Islands	Spanish Peseta	200.30
Cape Verde Is.	Cape V. Escudo	102.12
Cayman Islands	Cay. Is. $	0.9515
Cent.Afr. Republic	C.F.A. Franc	554.75
Chad	C.F.A. Franc	554.75
Chile	Chilean Peso	[illegible]
China	Renminbi Yuan	[illegible]
Colombia	Col. Peso	(F) 150.05
Comoro Islands	C.F.A. Franc	554.75
Congo (Brazaville)	C.F.A. Franc	554.75
Costa Rica	Colon	(U) 54.63
Cuba	Cuban Peso	[illegible]
Cyprus	Cyprus £	[illegible]
Czechoslovakia	Koruna	[illegible]
Denmark	Danish Kroner	12.9350
Djibouti	Djibouti Franc	[illegible]
Dominica	E. Caribbean $	[illegible]
Dominican Repub	Dominican Peso	[illegible]
Ecuador	Sucre	[illegible]
Egypt	Egyptian £	[illegible]
El Salvador	Colon	[illegible]
Equatorial Guinea	Ekuele	400.60
Ethiopia	Ethiopian Birr	[illegible]
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	12.9350
Fiji Islands	Fiji $	[illegible]
Finland	Markka	[illegible]
France	French Franc	11.0950
French C'ty in Af.	C.F.A. Franc	554.75
French Guiana	Local Franc	11.0950
French Pacific Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	554.75
Gambia	Dalasi	[illegible]
Germany (East)	Ostmark	3.6250
Germany (West)	Deutsche Mark	3.6250
Ghana	Cedi	[illegible]
Gibraltar	Gibraltar £	1.0
Greece	Drachma	[illegible]

COUNTRY	CURRENCY	VALUE OF £ STERLING
Greenland	Danish Kroner	12.9350
Grenada	E. Caribbean $	3.09
Guadaloupe	Local Franc	11.0950
Guam	U.S. $	1.1420
Guatemala	Quetzal	1.1430
Guinea	Syli	28.88
Guinea-Bissau	Peso	98.36
Guyana	Guyanese $	4.7985
Haiti	Gourde	5.710
Honduras	Lempira	2.2994
Hong Kong	H.K. $	8.9240
Hungary	Forint	[illegible]
Iceland	I. Krona	[illegible]
India	Ind. Rupee	[illegible]
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Iraqi Dinar	[illegible]
Irish Republic	Irish £	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	554.75
Jamaica	Jamaica Dollar	[illegible]
Japan	Yen	[illegible]
Jordan	Jordanian Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya	Kenya Shilling	[illegible]
Kiribati	Australian $	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Kuwaiti Dinar	[illegible]
Laos	New Kip	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	Maloti	[illegible]
Liberia	Liberian $	[illegible]
Libya	Libyan Dinar	[illegible]
Luxembourg	Lux Franc	[illegible]
Macao	Pataca	[illegible]
Madeira	Portug'se Escudo	[illegible]
Malagasy Republic	MG Franc	[illegible]
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Islands	Rufiya	[illegible]
Mali Republic	C.F.A. Franc	[illegible]
Malta	Maltese £	[illegible]
Martinique	Local Franc	[illegible]
Mauritania	Ouguiya	[illegible]
Mauritius	M. Rupee	[illegible]
Mexico	Mexican Peso	[illegible]
Miquelon	Local Franc	[illegible]
Monaco	French Franc	[illegible]
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	[illegible]
Morocco	Dirham	[illegible]
Mozambique	Metical	[illegible]
Namibia	S.A. Rand	[illegible]
Nauru	Australian Dollar	[illegible]
Nepal	Nepalese Rupee	[illegible]
Netherlands	Guilder	[illegible]
Netherland Antilles	Antillian Guilder	[illegible]
New Zealand	N.Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Republic	C.F.A. Franc	[illegible]
Nigeria	Naira	[illegible]
Norway	Norwegian Krone	[illegible]
Oman Sul'ate of	Rial Omani	[illegible]
Pakistan	Pakistan Rupee	[illegible]
Panama	Balboa	[illegible]
Papua N. Guinea	Kina	[illegible]
Paraguay	Guarani	[illegible]

COUNTRY	CURRENCY	VALUE OF £ STERLING
Peru	Sol	exc(A)6,516.20
Philippines	Philippine Peso	21.85
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.4340
Poland	Zloty	159.85
Portugal	Portugu'se Escudo	196.45
Puerto Rico	U.S. $	1.1420
Qatar	Qatari Ryal	4.1620
Reunion Island	French Franc	11.0950
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher	E. Caribbean $	[illegible]
St. Helena	St. Helena £	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	Local Franc	[illegible]
St. Vincent	E. Caribbean $	[illegible]
Salvador El	Colon	[illegible]
Samoa American	U.S. $	[illegible]
San Marino	Italian Lira	[illegible]
Sao Tome & Prin.	Dobra	[illegible]
Saudi Arabia	Saudi Ryal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	S. Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Singapore $	[illegible]
Solomon Islands	Solomon Is. $	[illegible]
Somali Republic	Somali Shilling	[illegible]
South Africa	Rand	[illegible]
Spain	Peseta	[illegible]
Spanish ports in North Africa	Peseta	[illegible]
Sri Lanka	S.L. Rupee	[illegible]
Sudan Republic	Sudan £	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland	Lilangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syrian £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Republic	C.F.A. Franc	[illegible]
Tonga Islands	Pa'anga	[illegible]
Trinidad	Trinidad & Tob $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	[illegible]
Tuvalu	Australian $	[illegible]
Uganda	Uganda Shilling	[illegible]
United States	U.S. Dollar	[illegible]
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	see Burkina-Faso	
Vanuatu	Vatu	[illegible]
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	[illegible]
Western Samoa	Samoan Tala	[illegible]
Yemen (Nth)	Ryal	[illegible]
Yemen (Sth)	S. Yemen Dinar	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Republic	Zaire	[illegible]
Zambia	Kwacha	[illegible]
Zimbabwe	Zimbabwe $	[illegible]

* Rate is the transfer market (controlled). [illegible] † Corrections.—Rates for December 31 1984 were. Kenya 18.15 and Thailand 30.83.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 7.

OVER-THE-COUNTER

Continued from Page 28

Indices

** Saturday January 5. Japan Nikkei-Dow (11,543.2). TSE (919.22).
Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. (u) Unavailable.

EUROBONDS

New issues give little guide to market direction

BY MAGGIE URRY IN LONDON

BHF Bank bond average		
Jan 7		Previous
102.715		102.703
High	1985	Low
103.042		98.656

THE EUROBOND market was back in business yesterday after the prolonged holiday. Ten new issues appeared, of which eight were in the dollar sector.

Dealers complained, however, that none of the fixed rate deals gave guidance as to the state of the market; all were specialised issues.

Salomon Bros may have set the tone of the new year with a warrant issue for its parent, Phibro-Salomon, giving a play on the D-Mark/dollar exchange rate. The 400,000 warrants give the right to buy 11⅝ per cent U.S. Treasury notes dated November 1994 at a fixed D-Mark exercise price. Half the issue has a one-year exercise period and these warrants are priced at $55. The other 200,000 warrants have a two-year life and are priced at $67½.

The exercise price will be fixed on January 10 according to a set formula – the offer price of the notes in New York plus 1½ points, multiplied by the spot bid exchange rate. Using Friday's closing price, the exercise price would have been DM 3,217 for each $1,000 note.

The warrants give investors a put option on the D-Mark and a play on U.S. interest rates. If recent trends continue – a rising dollar and falling rates – the warrants should be attractive. The issue raises $24.5m for Phibro-Salomon, which will hedge the currency and interest rate risks.

The warrants were dubbed "Crowns" – currency related warrants on notes.

In the sterling sector Morgan Grenfell again used the concept of a special company to match exactly a capital market borrowing with lending. This time the loans are 1,200 mortgages on UK residential properties, owned by Bank America Finance. The company, Mortgage Intermediary Note Issuer (Mini) which is registered in Amsterdam, is buying the mortgages and yesterday launched a £50m floating rate note to finance the purchase.

The FRN will pay interest at ¼ per cent over three month London interbank offered rate, and have an ultimate maturity of 25 years.

As many mortgages are redeemed early in the UK, however, the FRN will be retired as mortgages are repaid. This will give the notes an average life of seven to eight years.

Bank of America will bear the first £2½m of losses if the mortgagors default. Building societies' experience of losses suggests that a tiny proportion of such losses occur.

The deal effectively takes the mortgages off Bank of America's balance sheet, but the FRN will not count as mortgage lending for banks wishing to buy it. Investors can only be banks or financial institutions.

Front end fees total 35 basis points and by the close the issue was trading around par.

In the dollar sector, Credit Suisse First Boston launched the first fixed rate deal of the year, a $50m seven-year issue for Boise Cascade, the U.S. forest products company, paying a 12 per cent coupon. The issue, priced at par, did not trade actively and was largely destined for Swiss investors.

Other fixed rate issues followed. A $100m deal for Federated Department Stores, which owns Bloomingdales of New York, was launched late in the day by Lehman Brothers and Goldman Sachs. The five-year bonds have a 11 per cent coupon. The borrower has a triple A Moody's rating and a name which should appeal to Swiss investors.

Nippon Telegraph and Telephone (NTT) made a $100m seven-year issue with a 10¾ per cent coupon, lead managed by Banque Paribas. The low coupon reflects both Japanese demand for the bond and the fact that this is the last issue NTT will make with a government guarantee before it is privatised.

Orient Finance, the consumer finance group, raised $50m through a seven-year, 11 per cent bond, lead managed by Nomura International and Tokyu Corporation, a diversified company, raised $40m through a five-year issue with equity warrants, brought by Yamaichi International.

The floating rate note sector saw two new issues. Citicorp launched a $250m, 12-year FRN through Credit Suisse First Boston. The FRN pays interest at ⅛ per cent over three month London interbank bid rate rather than the offered rate, which is becoming less of a benchmark for bankers.

There are no put options and no calls for four years. Front end fees totalled 40 basis points, and the issue traded inside that level at around 99.68.

UBAF, the Arab consortium bank, launched a $100m FRN lead managed by Merrill Lynch. The interest rate is ⅛ per cent over Libor and the issue has a 10-year life with a put option after seven years. Commissions totalled 105 basis points, and the issue was quoted around 99.17.

Eurodollar bonds firmed yesterday afternoon, making gains of around ¼ point.

In the D-Mark bond market Dresdner Bank launched a DM 200m, seven-year bond for Finland. The coupon was set at 7 per cent, thought to be somewhat aggressive. Dealers said the bonds were bid at 98½, at the 1½ per cent selling concession.

Trading was thin in West Germany with prices little changed and demand low. Swiss franc bond trading was quiet too, with prices a touch weaker where changed.

Volume of Eurocredits and notes doubles

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THE TOTAL volume of new Eurocurrency bank credits and note issuance facilities almost doubled last year to $189.7bn from $95bn in 1983, according to figures compiled by the Euromoney Capital Markets Guide.

The figures belie conventional market assumptions that the volume of business was flat last year and contrast markedly with other available statistics. Morgan Guaranty Trust, for example, puts the volume of new Eurocredits at only $106.3bn last year.

Euromoney's figures, however, are also among the few that cover the rapidly growing market in note issuance facilities which, it says, contributed some $19bn to last year's total. This confirms that such facilities are becoming a substitute form of business to traditional syndicated loans.

Its figures also illustrate the extent to which business was swollen last year by U.S. corporate borrowings, which rose to $96bn from $26.9bn in 1983, partly reflecting an exceptional succession of multi-billion dollar credits in connection with oil industry takeovers.

Largely because of this, Euromoney estimates that Bank of America was the top lead manager in the credit and note market last year, leading 107 loans for a total of $28.5bn. It was followed by Chase Manhattan with 111 loans worth $26.1bn, Citicorp with 148 and $14.2bn, and Manufacturers Hanover with 96 and $10.5bn respectively.

National Westminster was the most active British bank, ranking eighth in the league table with 103 loans totalling $3.1bn, while Bank of Tokyo was the top Japanese bank in ninth position with 134 loans totalling $3bn.